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OFFICE OF STRATEGIC SERVICES

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R & A No. 2500.8

GERMAN MILITARY GOVERNMENT OVER EUROPE: OSTLAND AND THE UKRAINE

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Description

This study is concerned with German civil administration during the occupation of Ostland and the Ukraine, former Soviet territories, and emphasizes especially the peculiarly complex arrangement whereby some functions were handled exclusively by the territorial administration, some exclusively by Reich central agencies, and some jointly by territorial administration and Reich central agencies.

18 April 1945

This study is Part Three, Section Two, III, of the series

GERMAN MILITARY GOVERNMENT OVER EUROPE

the outline of which is as follows:

Part One. Principles and Methods of German Military Government over Europe

Part Two. German Controls in Occupied Europe

I. The German Army in Occupied Europe
II. The SS and Police in Occupied Europe
III. Military and Police Tribunals in Occupied Europe
IV. The Nazi Party in Occupied Europe
V. Technical and Economic Troops in Occupied Europe
VI. Economic and Financial Controls in Occupied Europe
VII. Labor Controls in Occupied Europe
VIII. Propaganda in Occupied Europe

Part Three. The German Occupation of Individual Regions

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I. Belgium
II. France
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Section Two. Areas of Civil Administration

I. The Netherlands
II. Norway
III. Ostland and the Ukraine

Section Three. Appended Territories (Nebenländer)

I. The Protectorate of Bohemia-Moravia
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OSTLAND AND THE UKRAINE

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III. OSTLAND AND THE UKRAINE

A. THE BASES OF GERMAN POLICY IN THE OCCUPIED EAST

1. The Scope of the Occupied Eastern Territories (Die besetzten Ostgebiete)

The scope of the Occupied Eastern Territories was clearly set forth by Alfred Rosenberg, Reich Minister for the Occupied Eastern Territories, in a decree of 31 March 1942. According to this decree the phrase "Occupied Eastern Territories" meant all the territories already taken or to be taken from the Soviet Union and occupied by Germany, except certain parts of the district of Bialystok, administered by the Provincial President of East Prussia, and Lemberg, administered by the General Government. The phrase did not include Transnistria, the Soviet territory under Rumanian occupation, and Karelia, which was occupied by Finland. The term must also be distinguished from the "East Space," (Ostraum) which meant Soviet territory as of the boundaries of 1941, and from "The East," (Osten) which was a general term used especially for historical presentations and including the Baltic countries, the General Government, and the former USSR as far as Asia. The German administrative structure was based upon the first conception — that of the "Occupied Eastern Territories." They formed a complete territorial administrative entity, composed of the Reich Commissariats Ostland and Ukraine. The words "Ostland" and "Ukraine," as used in German parlance, signified only that territory which was actually included in the territory under these civil administrations.1/

In this area all the factors determinative in the Nazi scheme of European military government came

1/ Since the aim of this study is to examine Nazi principles and methods, it will be concerned with the Occupied Eastern Territories in the status of their greatest extent, that is, as of 1 January 1943.

into play and established relations among themselves. The area was an object of German long-range planning for permanent colonization and control, and yet it was also a hinterland to the zone of military operations requiring organization for the immediate purposes of the war. In some of its parts it was the zone of a totally alien political and social system which the Nazis could not utilize at all, and yet in others there were historical points to which they could go back in the establishment of a collaborating native organization. It was for the Germans an occupied enemy area and yet in some sectors was susceptible of treatment as a liberated territory.

2. The Bases of German Policy in the Occupied Eastern Territories

While the Germans were chary of making definite statements on the eventual disposition of the Soviet territories which they occupied, yet in the enunciation of certain principles of their administration they did give some indication of the bases of their policy. First, the primary task of the Germans' administration was set forth as the mobilization of the population and resources of the Occupied Eastern Territories for the winning of the European war against bolshevism. In this respect the supplying of the Wehrmacht with food, labor, and volunteer units and the transfer of surplus elements of food and labor to the Reich were deemed the most important specific ends of administration.1/ The

1/ The Reichskommissar for the Ukraine, Erich Koch, summarizing a year of German administration in that area, declared that the first duty of the Germans in the Ukraine was to secure nourishment of the Army on the Eastern Front and to contribute to the feeding of the homeland; the second task was to send Ukrainian labor to Germany to replace Germans sent to the front; all these tasks were to be integrated with the great aim of orienting the Ukraine toward the European community. (Deutsche Kommentar-Zeitung, 30 August 1942).

fulfillment of these immediate aims required the collaboration of the population, and, consequently, the Germans evaded any expression of political aims. In the end, declared one commentator in an official German newspaper in the Occupied East, the war would undoubtedly produce a European community of nations, but no one knew what shape it would take. The German Reich declined to make 'vague post-war suggestions.' The commentator added that since the problem of the new European order demanded a skill that must be founded on comprehensive studies of the culture and the basic conditions of life of all the countries concerned, the German Reich was engaged in collecting and registering experiences, as an important part of the activities of its representatives in the occupied countries. Nazi promises of future sovereignty for the nationalities of the Occupied East became more eloquent as the German military situation worsened, with the consequent diminution of the German economic stake in the East and increase of the need for native collaboration on grounds of military security. In September 1943 German radio propaganda to the Baltic peoples and Ukrainians began to play the theme that after the war all European nations would have the right to determine their own political constitution on the basis of a new kind of collaboration with Germany which would leave forms of internal government free. More specific promises were made to Estonia and Latvia in an effort to set them up as models of collaboration. However, a conflicting line of policy prevented implementation of any of these promises.

A second set of policy statements was that which

emphasized the political, cultural, and economic stake of Germany in the Occupied Eastern Territories, the necessity of their inclusion in the German-dominated European community, and their incapacity for independence, thereby indicating the plan for permanent subjugation of these regions to the Reich. The Germans stressed time and again the Germanic basis of whatever was of value in the culture, the law, the economy of the East, and derived from this her historical right to return and to control the area. Commenting on the traditional German influence in the Ukraine, a group of German journalists wrote in November 1942 that thanks to Germany's entering upon her ancient inheritance, the Ukraine had a reasonable and unique chance of reverting to the European family of nations. A Nazi declared a month later that, since the people in the east received their political structure and civilization from the Germans, it was right for Germans to turn east and see their mission in its colonization again.1/ Moreover, the East was not only Germanic but European: it was a part of the total European economy;2/ it was the natural geo-political and economic-political complement of the central territories of Europe.3/ As the defender of Europe, the Reich thereby claimed a right to these territories. This right to possession the Germans fortified by a more nationalistic argument in terms of Lebensraum. Alfred Rosenberg, Reich Minister

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1/ Schleswig-Holsteinische Tageszeitung, 14 December 1942. Another Nazi leader stated that the contrast between German manners and ethics and those of the eastern peoples obliged the Germans to colonize the Ukraine and to stress the German 'mastery' point of view (Herrenstandpunkt). (Königsberger Allgemeine Zeitung, 14 February 1943.)

2/ Leipziger Neueste Nachrichten, 15 February 1943.

3/ Deutscher Beobachter, 9 January 1943.

for the Occupied Eastern Territories, spoke as follows before a meeting of German officials at Minsk: "The German people cannot go on making heavy sacrifices every twenty-five years in the struggle for Lebensraum in the East; henceforth attempts at Russification in this part of Europe must cease once and for all.... German leadership will give substantial aid to the constructive forces in White Russia, so developing the district that it will be forever a strong and prosperous outpost of the German Reich."1/ Finally, in sallies directed especially against the strivings of the Baltic countries for independence, the Germans denied that their previous independence had been genuine or that they could enjoy any permanent existence at all save under German protection.2/

In respect to this avowed long-range policy of domination, a question arises as to the form which the permanent relationship was to take. The nearest approach to a definitive statement of the future German administration of Europe was Werner Best's fourfold classification of German administration into alliance administration, supervisory administration, government administration (in which Germans occupied leading administrative positions), and colonial administration (in which Germans exercised all administrative powers). The press reaction to his scheme, which appeared in

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1/ Review of the Foreign Press, No. 143, Supplement Ostland. A more bellifluous expression of this idea is found in a German paper which wrote that the East had been the dangerous starting-point of anti-European destructive forces under a racially foreign leadership which had attempted the destruction of political, economic, and cultural independence of the European peoples. Rosenberg was entrusted by the Führer with the completion of the great Germanic mission which started two thousand years ago: the shaping, formation, and exploitation of the entire Eastern Space in a European sense. (Ostdeutschen Beobachter, 9 January 1943.)

2/ News Digest, 1219, quoting Revaler Zeitung, 11 August 1943.

the Zeitschrift für Politik in June 1942, seemed to indicate that of all European countries only the Eastern territories would have administration of the third and fourth types;1/ Best himself, however, made no assignments of specific territories to any of his categories. The absence of an authoritative statement of policy permitted various high Reich agencies to set up different political plans for the Occupied Eastern Territories and to frame their actions there accordingly. The Wehrmacht, the Foreign Office (von Ribbentrop), the SS and Police (Himmler), and the Reich Ministry for the Occupied Eastern Territories (Rosenberg) all had in the area representatives which pulled in different directions: the Wehrmacht and Foreign Office apparently in favor of independence with permanent alliance, the police in favor of a total Germanization of the area and suppression of the native population, and the Ministry for the Occupied East in favor of local autonomy under German leadership and control.

Given these varying emphases of theory and the division of controls between the military and the civil, between Reich and regional agencies, the question arises as to how the territories achieved any unity of administration. The basic unity of policy lay in the total conditioning of the Nazi governmental framework by war and for war, with the result that all the agencies, whether military or civil, central or regional, could on that basis co-operate in exploitation for maximum military effect. The Frankfurter Zeitung revealed this conception in a statement of August 1942 entitled 'Abroad and At Home' (Draussen und Drinnen): 'The German administrations in the occupied territories must, in whatever external

1/ Review of the Foreign Press, No. 158, 12 October 1942.

form they operate, serve first the German military interests; in this they are distinguished in nothing from the administration in the Reich, because even here, according to the decree of the Führer of August 1939, 'the tasks connected with the defense of the Reich precede all other work.'" The statement points out further that, while there may be some differences in point of view between the central and the regional administrations, in view of the fact that the regional agencies must take the particular interests of the territory into consideration, still these interests should be made identical with the defense of the Reich.1/ This harmony of Nazi administration at home and in the occupied territories, founded on the common ground of the total conditioning of the whole structure for war, is the fundamental fact which had determined the actual policy of all the agencies concerned in the government of the Occupied Eastern Territories.

1/ Frankfurter Zeitung, 26 August 1943.

B. THE TERRITORIAL ADMINISTRATION

1. The Period of Military Administration

When the Wehrmacht invaded the Soviet Union on 22 June 1941, it was confronted with a situation unprecedented in two respects. First, the Germans entered areas in which the Russian state and Communist Party were so intertwined as to make local agencies unreliable for collaborative government. Secondly, they entered territories in which the scorched-earth and leap-frog policy had been effectively applied to public utilities and military and economic installations and from which administrative and technical personnel of all kinds had been removed. Hence the Germans decided to build a new government from the ground up, and from necessity they began to do so immediately. "The German Wehrmacht undertook the duty ... of preparing the transition of the conquered /Soviet/ territories to an administration based on European principles."1/ However, this preparatory work was limited for the most part to the prevention of chaos since, in the absence of native administrative organs to which any tasks could be entrusted, the administrative and economic offices of the Wehrmacht had to undertake all the work of government by itself. The administrative apparatus seems to have been of the usual rear-zone type (rückwärtiges Heeresgebiet), under the supreme authority of the commanders of the rear-zone areas of the various army groups, whose chief administrative function was the maintenance of security for the army at the front.

In only two sectors did the army come into political contact with the population. Both in Lithuania and in Latvia there were local uprisings by the population against the Soviet armed forces. In both cases these uprisings took place in

1/ Neue Ordnung, 29 August and 5 September 1943.

co-operation with the Wehrmacht and in both the insurrectionists were disarmed by the German troops immediately upon occupation. However, the political repercussions went farther. In Latvia, a German Army spokesman in a radio speech promised in the name of the German Wehrmacht, the restoration of Latvian independence. The group which engineered the revolt against the Russians -- the Front of Lithuanian Activists -- formed a provisional Lithuanian government and declared Lithuania independent. This government continued to act in collaboration with the Wehrmacht until it was forcibly replaced by the introduction of German civil administration in Lithuania on 28 July 1943. In Estonia, a Council of five natives was established to reorganize and administer the country "in the name of the German Military Commander." The economic organizations instituted for the areas newly occupied by the Wehrmacht were more elaborate, for the primary function of military administration was seen as economic -- the supplying of the troops from the occupied land and the alleviation of the pressing needs of the population. Hence the Economic Staff for the East, an organ of the Military Economic Staff and Armaments Office, organized economic inspectorates, with commando units as their executive offices, to follow immediately upon the heels of the fighting troops, with the task of organizing the facilities capable of production, labor supply, and finance in line with the requirements of the Army. In general, the military economic inspectors had to estimate the economic possibilities of their respective districts and, together with the technical battalions, prepare them for the transfer to the civil administration. They could undertake no fundamental reorganization since they had to move on with the Wehrmacht to fulfill their functions as new territories were occupied. The military

economic agencies showed a considerable latitude in their enactments, in line with their character as the best-developed aspect of the military administration. Thus the decrees of the Economic Commando Unit North for the Baltic territories in August of 1941 provided for the payment and collection of the usual taxes, the prohibition of the possession of radio sets without special permission, advice to the farmers concerning the use of fertilizer, the submission to the Unit of information concerning goods on hand and the introduction of a rationing system, the establishment of a Labor Office to register the total population, the prohibition of all persons employed on farms from returning to the cities, the prohibition of the sale of butter and cheese and regulations for their delivery to the German military, the taking over and management by the Commando Unit of all public and community real estate, collective farms, and the property of Jews and missing persons.

The period of military administration for the bulk of the regions of the Occupied East was very short. Hitler's decree setting up a civil administration for the Occupied East was enacted as early as 17 July 1941, and, while the formal assumption of authority by the civilians did not take place until the enactment of the decree of 18 August 1941 for the Ostland and even later for the Ukraine, actually they had begun to take over in July. It seems clear that the only kind of military administration that acted in these territories was that of the operation zone. That there was no intermediate stage of military administration is confirmed by the German announcement that only on 1 April 1943 did the Baltic countries cease to be an operation zone and General Franz von Roques, who had been placed in charge of the pacification of the Baltic countries in June 1941, leave

Estonia.1/

Although the Reich Minister for the Occupied Eastern Territories proclaimed the cessation of hostilities in that area as of 17 November 1941, and his civil administration formally took over on that date, still there were large regions which have remained, through military circumstances, under military control. The eastern boundaries of the Occupied Eastern Territories were left originally with the evident intention of adding to them as the combat zone proceeded eastward, and indeed extensive regions were added to the Ukraine in 1942. However, when the eastward drive of the Wehrmacht stopped, the area between the front and the zones of civil administration remained for a protracted period under a military government of the rear-zone type. The administration of this area represents a suspended stage rather than a separate type and for that very reason is important for its revelation of the potentialities of the German military administration and its adaptability to conditions in accordance with German aims. Within the framework of the institutions which exercised temporary control over the Baltic countries, White Russia,2/ and the Ukraine in 1941, a thorough-going reorganization of the rear zone was effected which did not differ essentially from the Russian territories to the west under civil administration. Indeed, for the most part the reorganization was centrally directed from the Reich, and central Reich agencies were active in both civil and military zones, with the respective civil and military authorities being used equally and co-ordinately as instruments of control. The Economic Staff for the East, whose original function was simply the prevention of chaos and the maintenance of supplies for the army under the civil

1/ Revaler Zeitung, 1 April 1943.
2/ The Germans referred to this region as White Ruthenia.

administration could operate, developed, through its three Economic Inspectorates in the Rear Zone — North, Center, and South — an organization of control and exploitation which was as complete as that of a Reich Commissariat and with the same nature and function. This economic organization was, at the same time, structurally in line with the rear-zone type, since its breakdown followed that of the Army Groups North, Center, and South. Military commanders were appointed for districts and for towns and to them were subordinated the district and town administrations. Army and police were the chief agencies of control in the political sphere, in line with the usual rear-zone preoccupation with security.

In retreat the military administration had the duty of destruction in the same total manner as that of its previous reconstruction. Evacuation of useful installations is usually effected by civil agencies just before transfer of the area to the military. Special military detachments were created and sent out to destroy towns, villages, and collective farms. The district or town concerned was declared a military zone and the population ordered to leave town at ten days' notice in evacuee caravans under German command. All men from fifteen to fifty-five were placed in German custody and transferred to other German-controlled territories. A curfew was pronounced, enforced by the threat of being shot on sight.

This variation in the character of military administration — from one which merely alleviated the most unfavorable aspects of a situation to one which performed fundamental tasks of reconstruction in the manner of a civil agency — reveals the flexibility of the German occupation. The basic theme was the permanent creation of a war-conditioned Europe

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under German leadership; every German agency was informed by this spirit and this was the common ground which bound them together for a unity of administration.

2. The Establishment of Civil Administration

The very process of setting up the civil administration of the Occupied Eastern Territories was characteristic of the way in which the area was to be governed. On 17 July 1941 Hitler, in his capacity as the Führer, issued the decree which authorized, in general terms, the establishment of the Ministry and the Reich Commissariats which were to be the instruments of the Reich in governing the Soviet territories under occupation. However, the decree was not published and thus the civil administration was allowed to develop organically on a local level within the framework of directives provided in the secret decree. The setting up of the civil administration was effected on 28 July 1941 by two identical proclamations — one to the population of Lithuania and one to the people of Latvia — by the Reichskommissar for the Ostland, announcing the establishment of his own position and of those of the General Commissioner for Lithuania and the General Commissioner for Latvia, together with the appointments for these positions. This establishment and the appointments were all equally based on the Führer's decree, in spite of the fact that the General Commissariats were to be regional executive offices for the Reich Commissioner. The spirit of the appeal was that directed to a liberated rather than enemy-occupied territory: it asked for full co-operation in the fight that Germany was waging for the peoples of Europe, including the Lithuanians and Latvians, against bolshevism and promised that the Reich would do everything possible to secure the welfare and prosperity of the peoples whose territories were now being

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liberated, even promising to cal. native representatives for collaboration in the government; on the ground that the German measures purposed preserving their life and lands, the Reich Commissioner demanded unconditional obedience to those measures.1/ The actual assumption of authority

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1/ The text of the proclamation:

"By the Decree of 17 July 1941, the Führer of the Greater German Reich, Adolf Hitler, has named me to the position of the 'Reichskommissar for the Ostland.'

"Likewise the Führer, by a decree of the same day, has instituted Dr. Adrian von Renteln as Generalkommissar for the region of the former Free State Lithuania. Generalkommissar Dr. von Renteln is responsible to me as the representative of the Reich Government for the Reichskommissariat Ostland for the execution of all decrees and edicts of the Reich Government, including my own, in Lithuania. His own decrees within this region are to be obeyed in every case.

"To the population of the region south of the Duna to the boundaries of the former Free State Lithuania, I direct first the demand that it place itself completely and with all its power at the disposal of the task given to me, to restore order and work in these regions.

"Bolshevism threatened all Europe. It was on the march to overrun Germany, it has inflicted on you the most grievous wounds. If this world enemy had remained for some years with you, then nothing would have remained of your property and your people /Volk/. The Bolshevik leaders would have deported you to Siberia, robbed and murdered you. With the sacrifice of their blood the Wehrmacht of the German people has struck down the Bolshevik world enemy, and everyone will understand therefore that this German people has now taken over the duty and the right so to form conditions that never again can a similar danger threaten the traditions, indeed the whole existence, of the peoples of Europe.

"Those who had promised you freedom in the last twenty years believed that they must pursue a policy of playing off the Soviet Union against the German Reich. But in the moment when the German Reich, in view of an English attack, renounced certain regions in the East as its sphere of interest, then the whole situation showed itself to you in its true form. The Soviet Union would attack you without opposition.

"In spite of all that was done to Germanien in damages and all that has happened in attacks against the National Socialist German Reich, the Reich Government will strive, in the interest of your welfare, to assure you of bread, work, and progressive development. Yet the German administration must demand that its ordinances be obeyed unconditionally; for they serve only this one end: the security of your land and of your life. The German administration will draw upon your representatives in the communities and the cities for collaboration. They will appoint, when necessary, trustees (Vertrauensmänner) from your people through whom your wishes can be transmitted to the Reichskommissar, the Generalkommissar, and the Gebietskommissare, and it will allow you to form protective organs for the security of your whole work and life.

"I expect that the whole population will obey my directions, in order to heal the severe wounds which the Bolshevik world enemy has also inflicted upon you. Only then

(contd. on following page)

by the German civil administration in Latvia and Lithuania was consummated by an ordinance of the Reichskommissar of 18 August, announcing that with the taking over of the civil administration the executive power (vollziehende Gewalt) has been transferred from the military to the Reich Commissioner for the Ostland, and that henceforth all orders to the civil population in the territories administered by the Reich Commissioner would go through the offices of the German civil administration, i.e., through the offices of the Reich Commissioner, the General Commissioners, and the Head and Regional Commissioners. The same ordinance declared that the property of the USSR, its member states, public corporations, and unions were taken over by the civil administration.

The same ordinance announced the transfer, still on the basis of the Führer's decree of 17 July, of all the military authority and jurisdiction to the Wehrmachtsbefehlshaber Ostland, whose powers were not touched by the ordinance of the Reich Commissioner except for the fact that the property of the Soviet Army was to be placed in the custody of the Wehrmacht Commander of Ostland. Finally, the official language of the Reich Commissioner for the Ostland was declared to be German, while in the General Districts the native language was also permitted.1/ Hence the Law Gazette of the Reich Commissioner was published in German only while the Official

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will culture and prosperity arise in the future, only then will you all be able to live in peace. The German Reich gives you these possibilities. It lies now with you to utilize the opportunity." (signed) Lohse, Reichskommissar für das Ostland.

The proclamation to the Latvians was identical, except that it took over for civil administration the former Free State Latvia and announced the appointment of Staatsrat Generalkommissar Dr. Drechsler as Generalkommissar for the General District Latvia. (Verordnungsblatt des Reichskommissars für das Ostland, 30 August 1941.)

1/ Verordnungsblatt des Reichskommissar für das Ostland, 30 August 1941.

Gazettes of the General Commissioners were bilingual.

The two other territories planned as General Districts of the Reich Commissariat Ostland were transferred to civil administration on the same basis as the progress of the front eastward made it possible. In the General Districts of White Ruthenia and Estonia the respective General Commissioners assumed their functions in September 1941. In both cases the Reich Commissioner for the Ostland issued proclamations identical to those for Lithuania and Latvia.

The other Reich Commissariat included in the conception "Occupied Eastern Territories" was that for the Ukraine, which was set up in August 1941, on the same authority as the Reich Commissariat Ostland, immediately subordinate to the Führer by virtue of his decree. The opening appeals of the Reich Commissioner for the Ukraine to the population contained elements similar to those of the Reich Commissioner for the Ostland: again collaboration was requested on the basis of the German liberation of the Ukraine from Soviet oppression; however, there was much less emphasis on the national character of the liberation and no offer to draw native representatives into the administration.

Even after the establishment of the civil administrations the military economic agencies continued their functions and were replaced only when the civil authorities succeeded in developing economic instruments of their own. The civil administrations proceeded to issue decrees giving a legal basis to the activities of the military economic units and the subordinate civil authorities in their territory. Whereas in later accessions of territory from the sphere of the military to that of civil administration, it was provided that all the the decrees of the Wehrmacht concerning civil affairs were to remain in force unless otherwise provided for, and that

the respective Reich Commissars were to decide when the decrees of the civil administration were to be applied to the new areas, at the institution of civil administration there was no such provision; this indicated that the civil administration had the task of establishing the legal foundation for all German activities on civil affairs in the occupied territories. Thus such questions as property, labor, and price-fixing were all regulated by decree of the Reich Commissioner for the Ostland in August 1941.

Finally the head of the organic structure exercising the civil administration in the conquered Soviet territories, the Reich Ministry for the Occupied Eastern Territories, was publicly established on 17 November 1941, four months after its projection in the Führer's decree and months after the enactment of key decrees by subordinate authorities in the areas subject to it.

3. The Reich Ministry for the Occupied Eastern Territories

Located in the former Soviet Embassy in Berlin, the Reich Ministry for the Occupied Eastern Territories as the representative of the Führer and the Reich Government, exercised all the powers accruing to the Reich Government by virtue of military occupation. It had the right to legislate in the Occupied Eastern Territories and in general had charge of the whole task of administration in these areas, except insofar as the Führer had specially designated other offices for specific tasks. It was not organized as a departmental kind of ministry, but rather as a territorial administrative authority which would represent the Reich central government in almost all the tasks which it would have to perform in the occupied East. The administrative framework indicated the broad scope of the matters in which the Reich central government felt it must act through the instrument of this ministry.

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At the head of the Reich Ministry for the Occupied Eastern Territories stood the Reich Minister, Alfred Rosenberg,1/ his permanent representative, the personal Referent (adviser) of each, the leader of the ministerial bureau, the adjutant, a press chief, and a general Referent for territorial planning. The rest of the ministry was divided into a Central Department and three (originally four) Head Departments. The Central Department had a Leader and was divided into five Groups: Head Office, Accounting Office, Supply Office, Office Treasury (Amtskasse), Information and Special Tasks. The three Head Departments were for Politics, Administration, and Economics respectively and were themselves each divided into Departments in a division of function which corresponds roughly to that of the highest Reich authorities, thus showing the total control over an occupied territory.

Head Department I, Politics, included the following departments:

Department	I 1.	General Political Affairs
	I O.	Ostland
	I U.	Ukraine
	I 2.	Cultural Policy
	I 3.	Racial and Colonization Policy
	I 4.	Press and Enlightenment
	I 5.	Youth
	I 6.	Women

Head Department II, Administration, consisted of nine departments:

Department	II.	Personnel
	II 1.	External Administration
	II 2.	Health and Care (Volks[illegible])
	II 3.	Animal Health (Veterinärwesen)
	II 4.	Care (Fürsorge) and Public Welfare (Volkswohlfahrt)
	II 5.	Justice
	II 6.	Finance
	II 7.	Science and Culture
	II 8.	Trustee Administration

1/ Rosenberg was born in Estonia. He was noted for his ideological championship of the Nazi racial policy and was therefore considered fit to execute the policy of Germanization which the Nazis pursued in the occupied eastern territories.

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Head Department III, Economics, was projected for permanent economic administration of the territories but was not to be set up for the duration of the war. Instead, the war direction of economic matters in the Ministry was placed under a Leadership Staff for Economic Policy, which was organized not as a civil department but rather in a way that paralleled the military economic agency, Economic Staff East, which formally it replaced in the Occupied Eastern Territories placed under civil administration, but with which it maintained the closest liaison. The central direction of economic policy in the occupied East was thus shown not only by the fact that the ministerial organization for economy was through a special agency created to co-operate with the central Wehrmacht economic organization but also by the fact that the Leader of this Leadership Staff for Economic Policy was at the same time the Leader for the Department on Economic Affairs in the Occupied East, within the Reich Ministry of Economics. It should be noted that under the original setup, and operative until the middle of 1942, there functioned a fourth Head Department, Technical Affairs, subdivided into five departments: Road Construction, Waterways and Ports, Water Economy, Large-scale Industrial Construction (Hoch- und Industriebau), and Power Exploitation (Energiewirtschaft). All these departments were placed under the jurisdiction of Albert Speer, in one or another of his various capacities as Reich Minister for Armaments and Munitions, General Inspector for German Roads, General Inspector for Water and Energy, General Inspector for Construction, and head of the Organization Todt.

The territorial administration of the occupied East was embodied in principle in the Ministry for the Occupied Eastern Territories. The administration was harmonized with

the supreme Reich authorities by the presence of the Reich Minister for the Occupied Eastern Territories in the Reich Cabinet, and with the tasks of the war by the presence of the Administrative War Councillors, representing such military agencies as the Economic Staff East, within the Ministry for liaison. Moreover, when decrees of the central agencies concern the occupied, they must be enacted with the agreement of the Reich Ministry for the Occupied Eastern Territories. He publishes a Legal Gazette of the Reich Minister for the Occupied Eastern Territories.

The territory over which the Reich Ministry for the Occupied Eastern Territories is the supreme authority included all the conquered Soviet territory which has been placed under civil administration, except for the area around Bialystok, which has been incorporated into East Prussia, Galicia which has been placed within the General Government, Transnistria in southern Russia which has been given to Rumania, and Karelia in the north which has been given to Finland. The rest of the Soviet territory west of the rear zone of military operations was governed by the Ministry through the medium of two Reich Commissariats -- the Ostland and the Ukraine. The Ostland is comprised of the Soviet Republics Lithuania, Latvia, Estonia, and most of White Ruthenia (Bielorussia), an area totalling about 257,000 sq. km. with a population of roughly 10 millions; the Ukraine consists of as much of the Soviet Republic Ukraine which the military situation allowed to be placed under civil administration plus the White Ruthenian districts of Brest-Litovsk and Pinsk, a total area of 340,000 sq. km. and a population of 17 millions. The eastern boundaries of the Reich Commissariat were never given precise definition but rather remained dependent upon the progress of military

operations in the east. Thus during 1942 the District of Pskov was added to the General District Estonia, and enough territory to the Ukraine to enlarge two General Districts and create another, the sixth. Moreover, German plans, the execution of which the military situation never allowed, provided for the inclusion of the Veleki-Luki District within the General District of Latvia, of Ingermanland within the Ostland, and the formation of the Chernigov District into a seventh General District in the Ukraine. The Germans claim their division of the Occupied Eastern Territory into these Reich Commissariats to have been carried out on political, racial, economic, and commercial-political grounds;1/ yet the combination of White Ruthenia with the Baltic countries in the Reich Commissariat Ostland was hardly a self-evident conclusion from these principles especially in view of the Army division of their sector of occupied Russia into three Army Groups, and correspondingly three Economic Inspectorates — North, Center, and South. Moreover, Reich Minister Rosenberg himself, in a statement on German policy in the occupied East, distinguished between the former Baltic states and the old Russian districts, pointing out that in the first bolshevism had been at work for only a few months, while in the second group of districts it had been in effect for twenty-three years, and concluding that "decrees which might be right in one district might be entirely wrong when applied to other districts."2/ This distinction, which places White Ruthenia and the Ukraine on the one hand and the Baltic countries on the other, has actually been embodied in such basic legislation as that on

1/ Neue Ordnung, 29 August 1943; 25 September 1943.
2/ Review of the Foreign Press, No. 143, 29 June 1942, Supplement "Ostland."

self-government, property, and labor. Yet, the civil administrative division which placed White Ruthenia in the Ostland does not seem to have been simply a fortuitous melange, created from circumstances of the moment, for the idea of the Ostland had been spread by German propaganda in the Baltic states during 1938 and 1939 through the conception of a "Grossbalteland," a projected state which was to include Latvia, Lithuania, the Russian provinces of Vitebsk, Pskov, Smolensk, Mogilev, Minsk, Chernigov, and part of the province of Tver, and which was to be under German patronage.1/ There were, then, fundamental grounds for the division into Ostland and Ukraine. On the physical and economic side it was to establish a rough equality between the two Reich Commissariats, and more specifically to give to the Baltic coastal regions a sizeable hinterland. On the political side it was to merge Baltic and old Russian territory in one administrative entity in order that "liberated" Baltic districts might be governed on the same basis as other occupied enemy territory and subjected to the same kind of control and exploitation as was necessary for other conquered Soviet territories. Germany, it must be remembered, gave formal recognition, during the period of the Soviet-German Non-Aggression Pact, to the incorporation of the Baltic countries in the Soviet Union, and while their political line to the population was that the Baltic countries were liberated territories, the actual basis of the administration was that of enemy-occupied areas. Moreover, under the impulsion of their policy of divide-and-rule in the East, the Germans were intent upon emphasizing existing differences and creating barriers to the co-operation of Slavic groups; hence it was politically unfeasible for the Nazis to combine the White Ruthenians and

1/ Polish Fortnightly Review, 15 October 1941.

the Ukrainians in one administrative unit.

The two Reich Commissioners were representatives of the Reich Minister for the Occupied Eastern Territories in their respective Reich Commissariats. They were subject exclusively to his directives; they were the highest governing authorities in the Reich Commissariats; they had all administrative powers, with the exception of those spheres which were entrusted to other central Reich agencies than the Ministry for the Occupied Eastern Territories. Because of the great size of the Reich Commissariats Ostland and Ukraine and their distance from Berlin, the Reich Commissioners were given wide powers; primary among these was the authority to legislate, granted to them by the Reich Minister for the Occupied Eastern Territories, in those cases in which the Reich Minister did not exercise this function himself or did not reserve it for some special purpose. Both Reich Commissioners published legal Gazettes for their office.1/ However, contact between the Ministry and the Reich Commissariats was carefully maintained, not only through the medium of ordinary channels of administrative communication but also by frequent summons of the Regional Governors to Berlin to report and by occasional visits of Rosenberg, his permanent representative, or others of his staff to the Occupied Eastern Territories for conferences.

The territorial organization of both Reich Commissariats for administration was structurally similar. Both were

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1/ The title of that of the Reich Commissariat of the Ostland has been changed twice. From August 1941 to January 1942 it was the Information Gazette; from January 1942 until September 1943 the Legal Gazette; and after September 1943 the Official Gazette. In its last form it was the exclusive agent for the publishing of official announcements of all kinds. The publication in the Reich Commissariat Ukraine was always the Legal Gazette.

divided into General Districts (Generalbezirke) headed by German General Commissioners, and both these were in turn divided into Regions (Gebiete) administered by German Regional Commissioners, the lowest level of the German administration. Actually, however, the principles of both the territorial division and the administrative organization varied widely between the two Reich Commissariats.

4. The Reich Commissariat Ostland

The central administration of the Reich Commissariat Ostland was located in Riga. In spite of the occasional pretension that the Baltic countries were under a supervisory type of administration (class two of Best's scheme), the government on the Reich Commissariat level was wholly German and indeed was organized similarly to the structure of the Reich Ministry for the Occupied Eastern Territories in Berlin. Like the Reich Minister, the Reich Commissioner had a permanent representative, a special adviser, an adjutant, and a press chief. His central administration was likewise divided into a Central Administration and three (formerly four) Head Departments, which broke down into departments roughly approximating the breakdown within the Ministry. However, whereas the Department for Economic Affairs was organized in the Reich Commissariat as a regular Head Department, with subordinate departments, in the Reich Commissariat Ostland Economics was a special agency for the duration. Moreover, the Leader of the Head Department Economics in the Ostland was an Administrative War Vice Chief -- an indication of the orientation of this civil organization toward war.

Head Department IV, Technical Affairs, was set up in the Ostland Commissariat as it was in the Ministry. This Head

Department in both the Ministry and in the Reich Commissariat was later transformed into central Reich agencies under Speer. These were organized into a Technical Central Office Ostland, located in Riga.

In addition to the regular organization of the territorial administration various representatives of central Reich agencies active in the occupied East were attached to the staff of the Reich Commissioner. The position of these representatives on the staff ranged from mere liaison to varying degrees of subordination, depending upon the function concerned. The representative for the Economic Staff East, the Liaison Officer for the Organization Todt East, the Commissioner of the Foreign Office were all engaged on the Reich Commissioner's staff as performing liaison for the central Reich agencies which they represented. On the other hand, the Permanent Deputy for Labor Allocation (Arbeitseinsatz), the Leader of RAD Groups, the General Post Commissioner, and the Intendant of the Transmitter Group Ostland were all officials with a complex double allegiance -- to a central agency and to the Reich Commissioner. This type of office culminated in the SS and Higher Police Leader, who was both the regional representative of the Reich Leader of the SS and Police and the immediate subordinate of the Reich Commissioner; moreover, he had a complete territorial police organization within the Ostland, and on each level the Police Leader was subordinated and made personally responsible to the representative of the Reich Commissioner. Finally, the staff of the Reich Commissioner was filled out by the presence of various special commissioners, appointed for specific tasks and immediately responsible therefore to the Reich Commissioner. Among these were the Leader of the Road Economic Chamber, leading officials in

various trustee companies created for purposes of economic administration, and advisers for various activities such as vocational training.

Regionally the Reich Commissariat Ostland was organized into four General Districts — Lithuania, Latvia, Estonia, and White Ruthenia. Administrative, historical, and national considerations coincided in determining the boundaries of these General Districts set up by the Germans. For in these areas the boundaries of the occupied Soviet republics, which coincide with those of the population's historical national development, are the same with a few minor changes as those that were taken over by the Germans for their administration. In the case of the Baltic General Districts, at least, the proclamations creating them were addressed to the people of the "former Free State Lithuania," "former Free State Latvia," and "former Free State Estonia" respectively. The minor variations from this basis were as follows: the section of the Soviet Republic of Bielorussia which had been taken from Poland and which was divided between East Prussia, the Reich Commissariat Ukraine, and the General District White Ruthenia under the German system; a section of the General District of White Ruthenia transferred to the General District of Lithuania on 1 April 1942 on national grounds; and the addition of Pskov to the General District of Estonia in the middle of 1942.

The national basis of this territorial division made the General District the crucial unit in the organization of the Reich Commissariat Ostland. At the head of the General District was the General Commissioner, who represented the "higher" administrative authority for the area. (The Reich Commissioner was the "highest" administrative authority.) His seat was at the traditional administrative center of his

area -- Kaunas, Riga, Tallinn (Reval), and Minsk. Originally the General Commissioners were designed to be simply the executive agents of the Reich Commissioner with the function of implementing his general decrees with executive decrees, of carrying out the administrative tasks created by the legislation from above, and of directing the local administration in their solution. However, the importance of this level of administration soon became evident. Thus in July 1942 the Reich Minister for the Occupied Eastern Territories authorized the General Commissioners in the Reich Commissariat Ostland to issue decrees with the force of law within their respective areas; this new power, however, could be used only in reference to those matters which concerned one General District or which required different actions in the various General Districts. The latitude of action attributed to the General Commissariat could be seen in the process of territorial transfer from the General District White Ruthenia to the General District Lithuania: the actual negotiations over the transfer were conducted by representatives of the respective General Commissioners and by all their regional Commissioners concerned.1/

The organization of the General Commissariats was similar to that of the Reich Commissariat, with an identical breakdown into three Head Departments and subordinate departments. Moreover, when Head Department IV, Technical Affairs, was transferred from the Reich Commissariat to the central Reich agencies headed by Speer, the corresponding Head Departments in the General Commissariats were likewise transferred, to form Technical Head Offices in the three Baltic General Districts under the Technical Central Office in Riga. Other central Reich agencies with a regional

1/ Review of the Foreign Press, No. 139, 1 June 1942, Supplement Ostland.

organization in the Ostland were likewise represented on the staff of the General Commissioner through a Railroad Direction, a broadcast Leader of the Reichssender, a Post Commissioner, an SS and Police Chief for each General District. Finally, the special economic and labor organizations of the respective General Districts had German representatives on the staff of the General Commissioners: Highest Labor Leaders, heads of Economic Chambers, Commissioners for vocational organizations. There were also Administrative War Councillors on the staffs of the General Commissioners, whose function was to ensure constant attention to the war effort.

The General Commissariats were regionally organized into Regional Commissariats (Gebietskommissariate), each of which was headed by German Regional Commissioners charged with the execution of the decrees of the Reich Commissioner and the General Commissioner. The Region (Gebiet) in the Baltic countries was an entirely artificial creation of the Germans, for no such administrative division had existed before. It was composed of a number of the local districts (Kreise), which were given over to the German Regional Commissioners for local government and the supervision of the native local authorities. The General District of Lithuania had six Regional Commissariats: City District of Kaunas (Kauen-Stadt), Rural District of Kaunas (Kauen-Land), City District of Vilna (Vilna-Stadt), Rural District of Vilna (Vilna-Land), Schaulen, and Poniewiesch. Latvia likewise had six: City District of Riga (Riga-Stadt), Rural District of Riga (Riga-Land), Mitau, Libau, Wolmar, Duenaburg. Estonia had eight: City District of Reval (Reval-Stadt), Rural District of Reval (Reval-Land), Wesenberg, Arensburg, Oesel, Pernau, Dorpat, and Petschur. The Regional Commissioners represented the lowest level of the German administration. His staff did

not seem to be broken down in the same way as the higher strata, but rather he used the local agencies of various German administrative organs and the heads of the native local authorities. As on the higher levels, the chief assistant of the Regional Commissioner was the regional representative of the German SS and Police -- an SS and Police Regiment Leader (Standartführer), with his subalterns, notably the Commandants of the Order and Security Police. On his staff were also the Leader of the local German Labor Office, various administrative and war councillors and advisers for specific functions such as propaganda, sports, schools, and health. Most important for local administration is the presence in the office of the Regional Commissar of the Regional and the District Landlords (Gebietslandwirte and Kreislandwirte) whose authority in these agricultural territories gives them a general administrative competence. Finally, the native District Chiefs (Kreischefs and Kreisältesten) are also attached to his office for his supervision and direction of their local administration.

Since the General Districts in the Ostland were founded upon actual historical and national divisions, it is here that the German attitude toward native populations and institutions emerged and was crystallized in administrative structure. Germany's public political line concerning the eastern peoples in general was to recognize the validity and the laws of life of their respective nationalities, to liberate them from the mechanical, compulsory amalgamating power of bolshevism, and to orient them to the west, into the European community of nations. Within this general line a distinction was made between the Baltic populations and those of the "old Russian" areas, that is White Ruthenia and the Ukraine. This distinction was made not only on the administrative ground that the shortness of the Soviet

occupation permitted the resurrection of the administrative conditions of the days of independence, but also because the Germans considered the Baltic peoples as racially more akin and politically more reliable. Rosenberg on a visit to the Baltic countries in May 1942 declared that the German administration came to a befriended area, to a related (artverwandten) people which it could treat with respect. Hence the principle of national development was applied in the political sphere only to the Baltic countries, where both the political prerequisites and the administrative basis acceptable to the Germans were present.

In all three, native administrations (landeseigene Verwaltungen) were set up on the national, i.e., General District, level. The decree of the Reich Minister of the Occupied Eastern Territories which established the administrative system was not enacted until 18 March 1942; but actually, as in so much of the government of the Occupied East, this decree did not create but rather validated and established the institutions of self-government which had been set up locally by the German authorities on the spot to help in their administration. These native administrative bodies were formed on a national scale in Lithuania and Estonia as early as September 1941, and in Latvia some months later. The Germans themselves emphasized the organic process in the establishment of this native administration. A German announcement of 20 March 1942, explaining the decree, stated:

> By degrees the collaboration between the General Commissioners and the administrative authorities in the various territories assumed a more concrete form. The German Minister for the Occupied Eastern Territories and the German Reich Commissioner for the Ostland did not intervene in this development of affairs, for it was evident that time alone would show whether the men who were helping in the task of building up the Reich Commissariat Ostland as General Councillors, General Directors, and Directors would prove their worth. Above all, it was imperative to wait and see whether they would be capable of forming effective administrative authorities and bodies and of relieving

> the German authorities of their difficult tasks. Meanwhile, time has shown that the administrative authorities in Lithuania, Latvia, and Estonia had every right to continue their work. For this reason the Reich Minister for the Occupied Eastern Territories has now officially sanctioned the administrative authorities in the districts of the Reich Commissariat Ostland, and has generously granted the population a large share of responsibility in administrative matters.1/

The basis of the native governments in the Baltic General Districts is clearly revealed here: there is no question, for the Germans, of a legal right of these peoples to self-government; it is simply a German bounty given freely for German administrative convenience and as a reward and further incentive for collaboration.

The subordinate position of the national native authorities in the administrative scheme for the Baltic General Districts, as defined in the decree of 18 March, is clear in respect to both the source and the scope of their competence. The source of the authority of the natives was in the Rosenberg decree itself, which declared that "the supreme national authority is formed in Lithuania by the Councillors General, in Latvia by the Directors General, and in Estonia by the National Directors; the leading member in each of these bodies is the Head of the Administration of Internal Affairs, while the others are responsible for the various Departments." The personnel of these offices were appointed by the General Commissioner, with the approval of the Reich Commissioner. In spite of the claim of the decree that the German leadership represented a "supervisory administration, while the actual administrative work was to be carried out by the respective national authorities, actually this supervisory power was so defined as to extend to all measures necessary for the maintenance of "German sovereignty and political leadership" in the hands of the Reich Minister for the Occupied Eastern Territories, the

1/ Review of the Foreign Press, No. 130, 30 March 1942, Supplement Ostland.

Reich Commissioner and his subordinate officials. Within this framework of German sovereignty exercised by the General Commissioner, the decree granted to the native administrations the right "by their own legally valid enactments to regulate all the spheres of life of the peoples in the General Districts," and the Germans insisted that they had given these authorities the right to enact "substantive law." However, the word "decree" or "law" was never mentioned in relation to the native national administrations but rather "regulation" and "ordinance" (Anordnung); the right of legislation in the General District was the exclusive prerogative of the General Commissioner, and the enactments of the native authorities were subject to his approval and executory in character. Moreover, each department of the native administration was under the permanent control of the corresponding section in the German Commissariat. The functions of the national administrations were adapted to the purposes of their establishment by the Germans. As they were created for the twin ends of administrative convenience and the implementation of the "liberation" policy, just so their functions were the detailed execution of German policies and the support of those measures which the Germans represented as based on Baltic national interests. In the first instance, they were entrusted with the administration of such German policies as those on labor mobilization and on agricultural deliveries through the native local authorities, of which they had charge under German supervision. In the second instance, they issued appeals for recruitment of natives into the military formations of the Wehrmacht or the Waffen-SS, and in Estonia and Latvia, where military conscription was decreed, the native national administrations

issued and executed the order on the authority of the competent General Commissioners. In both kinds of function the native administrations were used as the agents with whom the population came into contact in the unpleasant aspects of occupation.

The structure of the national self-administrations paralleled that of the German General Commissariat to which they were subordinate. In Lithuania, the national native administration was headed by nine Councillors General: for Internal Affairs, Economic Affairs, Agriculture, Education, Justice, Transport, Labor and Social Welfare, State Control, Finance. In Latvia, the native administration was headed by six Directors General: for Internal Affairs, Economics, Finance, Justice, Education, Technical Affairs and Communications. In both Lithuania and Latvia, the department chief for Internal Affairs was at the same time the First Counsellor General and the First Director General; those positions did not correspond to that of a prime minister but rather were firsts among equals. In Lithuania, regulations were legal when signed by the competent Councillor General and proclaimed by the First Councillor General. Even in Estonia, where there was a special First National Director (Landesdirektor) appointed as Leader of the native administration, this position was simply that of primus inter pares. In addition to this position, there were in Estonia five National Directorates in the self-administration: for Internal Administration, Economics and Finance, Justice, Technical Affairs, and Education. Besides these General Directorates, two Head Departments (Hauptverwaltungen) -- for Public Enlightenment (Volksaufklärung) and for Agriculture -- existed on the top echelon of the national native administration in Estonia. These Head Departments were subordinated to the First National Director. Certain other special

administrative agencies were on the staffs of the respective native administrations in the Baltic countries: the Leadership Staffs of the Youth Organization for each country, the leaders of the respective Relief Organizations, the State Comptrollers, and the Price Committees. The Youth Organizations and the Relief Organizations were the only native societies (outside the economic field) permitted by the occupation authorities, and they were maintained close to the self-administration where there could be close supervision by the Germans. The Estonian Relief Organization was led by the First National Director. While these Baltic native administrations were set up without legal basis in the early days of the occupation, yet the confirmation of them by German decree was not a confirmation of an autonomous native body. Reorganizations of the native administrative bodies were on the basis of German decree. Thus the reorganization of the Latvian General Directorates in May 1943 was ordered by the Reich Commissioner for the Ostland. None of the national native administrative bodies was even permitted to meet in joint council without German authorization, and actually the Germans convoked them only in matters demanding national collaboration, such as the formation of native military units.

The only genuine native government in the Baltic countries during the period of German occupation was the Lithuanian Provisional Government, which was dissolved by a declaration of the German civil administration on 5 August 1941, since its declaration of Lithuanian independence did not conform to German plans which intended the exploitation of the Baltic countries as occupied enemy territory. The party that led the revolution against the Soviet Union and formed the Provisional Government was the Front of Lithuanian Activists, which had been first constituted

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[illegible] 1941 at Berlin. The ventilation of this party by the Germans was actively encouraged by [illegible] and although it was proscribed in all [illegible] after the dissolution of its component [illegible] was checked immediately by the establishment of a [illegible] group, the Lithuanian Nationalist Party, whose [illegible] employers. Presently the German civil administration, deciding to do without the encouragement of organized national political groups, liquidated both parties.

Thenceforth the respective national administrative councils of the Baltic countries were used by the occupants as the representatives of the Baltic nationalities. On at least one crucial occasion, however, the Germans felt the limitations of these appointed native administrations as embodiments of the national will. In April 1943, when it was trying to foist a volunteer Waffen-SS legion upon a reluctant people, the German civil administration felt itself constrained to convoke a kind of constitutent assembly, composed of representatives of all branches of Lithuanian life, nominated by the Lithuanian Councillors General and approved by the German security organs, on the basis of from two to four representatives per county (Landkreis). This was strictly an ad hoc assembly: it met for a day; the Germans placed before it the resolutions it was called to pass; and it was immediately disbanded, never to meet again. National leadership remained in all the Baltic countries with the appointed native administrative councils.

The German choice of native personnel for these councils appears to have been based upon the policy of including a minimum of figures prominent in the political life of the countries in their days of independence and of staffing the remainder of the positions with technicians of

no defined political view. In Lithuania the First Councillor General, Kubiliunas, had formerly been Chief of Staff of the Lithuanian Army; Germanas, Councillor General for Transport, had been Minister of Communications; Jurgitis, Councillor General for Economic Affairs, had been Director of the Bank of Lithuania. Three others had been members of the Lithuanian Provisional Government dissolved by the Germans on 5 August 1941: Mackevicius, Councillor General for Justice; Matulionis, Councillor General for Finance; Vitkus, Councillor General for Agriculture. However, of these figures Jurgitis and Vitkus resigned during the fall of 1941, while Mackevicius was reported arrested for opposing the formation of a Lithuanian Waffen-SS legion. In Latvia the former Minister of Finance was appointed by the German Director General of Justice; he too resigned later. In Estonia the only National Director previously active in national political life was Dr. Mae, the First National Director; he had been active in an oppositional group during the days of Estonian independence and later became clearly pro-Nazi. The motive of Mae, the only reliable quisling in the Baltic countries, for supporting the establishment of the First National Directorate in Estonia was to secure a position of dominance over the other Directors. In the other Baltic countries, the Germans were content to use the apolitical administrators: they achieved their ends with them and staved off sporadic requests for independence by warning of the return of the Soviet occupation and by vague promises of a future dispensation to be earned by achievements in the German interest. The Germans did not remove any of them from office, but rather acted so as to bring about the resignation of the more intransigent.

In execution of a "liberating" mission the Germans have reconstructed the external framework of the pre-Soviet conditions in the administration of the Baltic countries. This applies especially to local administration, for which the old county (Landkreis), in its double character of union of local communities and state administrative districts has been used as the basis. At first the local native authorities were set up as subordinate officials of the national native administration by the same decree of 18 March 1942 as established the national bodies. The position of the local administration was further clarified by a decree of 15 May 1942 issued by the Reich Minister for the Occupied Eastern Territories, concerning communal self-government. According to the decree: "The districts, towns, and rural communes, which under Bolshevik law were self-governing corporations, are again reconstituted as corporations under the public law of their region (Gebiet), and administered under their own responsibility. The operation of these corporations must be consonant with the existing law and the purposes of the German supreme administration (Hoheitsverwaltung). The head of the self-governing corporation discharges the administration on his own full and exclusive responsibility. He is assisted by advisers who in the districts are called district councillors, in the towns town councillors, and in the rural communes communal councillors." This decree, as well as that of 18 March, simply confirmed existing practices. The assignment of the authority and responsibility for local administration to the District, Town, and Communal Chiefs or Elders represents a displacement of power from the local councils, which exercised it before and were now reduced to the status of advisory bodies. This introduction of the leadership

principle was designed to tighten the control of the German Commissarial authorities over local administration. The theory of the self-administration instituted by the Germans was that the chain of command ran directly from the native national councils through the District Elders to the Town and Communal Elders. Actually, however, the District Elders while proposed by the head of the native national council, were actually appointed by the German General Commissioner, "in order to invest them with fitting majority"; moreover, these Elders are permanently assisted by the German Regional Commissioner in an "advisory" capacity and are actually inducted into their offices by him. This applied as well to the native chiefs of the larger towns. The other personnel of the local administration, including the Elders of small towns and rural communes and councillors of all levels below the national, were appointed and dismissed by the national native authorities, except in those cases where the right was given over to the District Elder. However, in the cases of the councillors in the small towns and rural communes it was stipulated that "whenever the General Commissioner intends to furnish an official with special authority, he will in exceptional cases reserve the right to appoint this official himself." The appointing and dismissing authorities of all these posts of the local administrations were at the same time their supervisory authorities (except for the District Elders, who were nominally supervised by the native national council). In addition, the position of Inspector of the Self-Administrations was set up on the staff of the District Elders. Nominally the Elders were in charge of all the affairs of their area, and actually they not only performed the actual routine of local administration but were entrusted

by the Germans with the execution of certain important tasks, especially in relation to manpower mobilization and the exploitation of agriculture. However, important fields were excluded from their jurisdiction -- namely, those which concerned Volksdeutsche and Reichsdeutsche in any way, and those in which German agencies acted directly through local representatives. These included security tasks of the German police and Wehrmacht, labor mobilization for German purposes, recruiting for German military units, general economic tasks carried out by German trustees in agriculture, industry, finance, and trade, and finally, the administration of transportation and communications.

The Germans stressed that native administration in the Baltic countries was not to be considered as a definitive constitution, since it was founded on a mere decree of the Reich Minister and not upon a fundamental law. The final constitution, they declared, could be determined only after the war. By this device the Germans were able to exploit the Baltic countries to the full as an occupied territory while at the same time they required collaboration in those spheres beyond the ordinary competence of an occupation authority, on the ground that the Baltic peoples must earn their place in the New Europe of the future by co-operating in the war that is being fought for it. However, with the approach of the Red Army to the borders of the Baltic countries in the latter part of 1943, the Germans changed their line and promised some kind of independence in the very near future to the most complaisant Baltic countries -- Estonia and Latvia. This change of policy was due to the fact that with the approach of the zone of operations total exploitation was no longer possible and receded behind the aims of security

and evacuation in preparation of the area for operations. The Germans never fulfilled their promise to grant independence to these Baltic countries, both because the Nazi prestige was bound up with the Commissarial pattern of occupation and because they realized that the hold of the puppet administrations on their countries was so ineffective as to make the presence of the Nazi Commissarial administration necessary for security reasons up to the last moment. However, they made some political concessions increasing the formal powers of the native self-administration, as in the sphere of military conscription. These concessions and the promise of independence provided the ground for an evacuation of able-bodied natives, under the mask of national mobilization, aimed at arousing resistance by the natives to the Soviet Union. Measures to create a core of resistance against prospective Allied occupants, along with evacuation or destruction of everything of possible use, was an integral part of the pattern of Nazi occupation.

The General District of White Ruthenia was expressly excluded from the provisions for native administrations set up for the Baltic countries, its government was placed upon an essentially different basis. While the Germans insisted on the supervisory character of their administration in the Baltic countries, White Ruthenia was placed lower in the scale; it was governed as a hybrid between administration by government and colonial administration, the third and fourth levels in Best's scheme. A spokesman in the Reich Ministry for the Occupied Eastern Territories said with reference to White Ruthenia and the Ukraine that "Bolshevization had been pushed to such a point that men had lost all comprehension of such notions as possession, property and personal initiative." While the General Commissioner for White Ruthenia, set up in Minsk, was subordinate to the Reich Commissioner for the Ostland and had his office organized

according to the same framework as the Baltic General Commissariats, the actual government of the territory was much more similar to that of the Reich Commissariat Ukraine than to the Baltic parts of the Ostland. Even the territorial division of the General Commissariat for White Ruthenia showed this kind of similarity. Whereas in the rest of the Ostland the General Commissariats were divided simply into Regional Commissariats (Gebietskommissariate), in White Ruthenia there were two subordinate levels of German administration, the Head Regional Commissariat (Hauptgebietskommissariat) and the Regional Commissariat (corresponding to the General Commissariats and the Regional Commissariats in the Ukraine). The German Head Region was based upon the Soviet administrative unit, the Oblast. Five Head Regional Commissariats were planned for Minsk, Baranowitsche, Mogilev, Vitebsk, and Smolensk but actually only those of Minsk and Baranowitsche were ever placed under the civil administration. The German unit, the Region, was a new division, with no previous existence. Under the orginial plan the five Head Regions were to be divided into thirty-nine Regions, but only eleven of these were transferred from the military administration — five to Head Region Baranowitsche and six to Minsk (substantial parts of three of these six Regions likewise remained under military rule). The slowness in the transfer from military to civil administration in the General District White Ruthenia made it necessary for the General Commissarial authorities to concentrate on political and cultural affairs rather than on total economic exploitation. The Germans emphasized the diversity of races in these areas but granted to the White Ruthenians the status of the central political group (Staatsvolk).

The German official line was that the Reich liberated the White Ruthenians from bolshevik slavery but that they must be

treated as a backward people rendered untrustworthy by their recent political environment. Hence Commissarial policy was to allow certain innocuous expressions of the White Ruthenian nationality but only within a framework of total German control dominated by considerations of security. While White Ruthenian was granted a status as language of instruction and of everyday use, and while White Ruthenian traditional songs, dances, folkways and material self-aid were permitted, these activities were organized by the native Self-Help Organization which had been formed by the Germans, the only native organization allowed by law. This organization was represented by the Germans to be the agency of the participation of the White Ruthenians in their own administration. On 3 July 1942, the anniversary of the "liberation" of White Ruthenia, the General Commissioner announced the introduction of native participation in the administration on both national and district levels. This participation was to take place primarily through the German-created Self-Help Organization, exclusively in an advisory capacity. The director of the organization was to be attached to the staff of the General Commissioner in an official status as Adviser for White Ruthenian National Affairs (Referent für weissruthenische völkische Angelegenheiten) within the Head Department for Political Affairs. Moreover, other native representatives (Vertrauensmänner) were to be appointed to consultative posts in the General Commissarial Departments for Culture and Propaganda. The representatives (Vertrauensmänner) of the natives were themselves organized by the Germans into a White Ruthenian Trust Committee (Vertrauensausschuss). In December 1943 the Germans announced the creation of a White Ruthenian Central Council as a new organ of self-administration, with the announced function of co-operating with the German authorities in the mobilization of

the population for the fight against the Bolshevik terror. Actually, however, this Council was limited in its powers to orders and the supervision of their executive in the fields of culture, education, and social affairs. Hence it hardly went beyond the function of the previous native organs of self-government. The German recognition of White Ruthenian nationality through the establishment of these native bodies was a means of organizing the nationality for control.

Native participation in the subdivisions of the General Commissariat White Ruthenia was similar. The Self-Help Organization was represented regionally by the White Ruthenian Centers for the Promotion of Cultural Life, and the Regional Trustees of these organizations were on the staff of the German Regional Commissioners in an advisory capacity.

Local government in White Ruthenia differed from both that of the Baltic countries and that of the Ukraine. The German principle of government in the Occupied East provided for direct German administration down through the Region, below which it was to use native local authorities; in White Ruthenia, however, this principle was violated. The General Commissioner for White Ruthenia announced that there was no self-government in his area, and within the Urban Region of Minsk (Gebiet Minsk-Stadt) a German County Captain (Kreishauptmann) is known to have functioned. Thus in at least some parts of White Ruthenia, the German territorial administration reached down even to the county level. This exception to the rule of German administration in the Occupied East illustrates the elastic response of the German structure of occupation to actual conditions, regardless of principles. The exception in this case seems to have been caused by the critical problem of guerillas in White Ruthenia, since even the local German agricultural leaders were concerned with security as their most important problem.

5. The Reich Commissariat Ukraine

Geographically the Reich Commissariat Ukraine was based with minor exceptions upon the Ukrainian Soviet Socialist Republic.[1] The office of the Reich Commissioner was to sit at Kiev, but the proximity of the front caused the provisional establishment of the capital at Rovno. The original administrative constitution of the Reich Commissariat paralleled exactly that of the Reich Ministry for the Occupied Eastern Territories and the Reich Commissariat Ostland, that is, with the functional division into four Head Departments and the further break-down of these into departments. However, on 1 February 1943 the administration of the Reich Commissariat Ukraine was reorganized, into eleven Head Departments. This change was brought about by the device of raising the most important of those functions formerly organized into departments to the status of Head Departments. The office of the Reich Commissariat Ukraine was broken down as follows:

Head Department. I. Central Administration
A. Central Division
1. Central Section. (Supervises internal service, mail and news service, leaves of absence, motor vehicle traffic.)
2. Personnel Section. (Supervises the employees and provides for their needs.)
B. Personnel Division
C. Construction and Supply Office

Head Department II. Politics
A. Division of General Political Affairs. (Handles racial and nationality questions, and church matters.)
B. Division of Science and Education

Head Department III. Public Enlightenment and Propaganda
A. Press Division
B. Propaganda Division

Head Department IV. Administration
A. Division of Internal Administration. (Handles questions of administrative organization, division of the country, official supervision and legislation.)
B. Public Health Division
C. Veterinary Division

Head Department V. Justice

Head Department VI. Finance

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[1] These are: the inclusion of the source White Ruthenian districts of Brest-Litovsk and Pinsk in the Reich Commissariat Ukraine, the transfer of the Odessa area between the Dniester and the Bug to Transnistria, the transfer of the whole or parts of five old Polish districts to the General Government, and the maintenance of five Soviet eastern Ukraine Districts under military administration.

A. Division of Finance Administration. (Handles taxes and monopolies.
B. Division of the Budget and Treasury. (This division is attached to the main treasury; the auditor's office functions directly under the Reich Commissioner.)

Head Department VII. Dept. of Trustee Administration

Head Department VIII. Economy
A. Division of General Economic Matters. (Handles domestic and foreign trade, banking, currency and tariffs.)
B. Division of Industrial Economy. (Supervises the economic associations.)

Head Department IX. Agriculture and Nutrition
A. Division of General Agricultural Affairs
B. Division of Production and Collection

Head Department X. Forestry and Timber
A. Division of Forests
B. Division of Wood Economy.

Head Department XI. Labor
A. Division of Labor Policy
B. Division of Labor Questions. (Handles wage problems.)

In addition to this general framework several special divisions have been organized in the new setup. The most important of these are the Division of Price Regulation and Control and the Division of Planning.

Aside from this distribution of functions, the Reich Commissioner for the Ukraine, like the Reich Commissioner for the Ostland, had on his staff a permanent deputy and assistants such as the SS and Higher Police Leader, Administrative War Councillors, and representatives of other central Reich agencies active in the Ukraine.

The Reich Commissariat Ukraine was, like the Ostland, divided territorially into General Commissariats and Regional Commissariats. However, the General Commissariat in the Ukraine, unlike the Ostland, was arbitrary and founded very loosely upon previous national and administrative units. Six General Districts were established in the Ukraine -- Volhynia-Podolia, Zhitomir, Nikolayev, Dniepropetrovsk, Kiev,

and Crimea.1/ -- to administer the area formerly covered by thirteen Oblasts, the Soviet regional administrative unit. The name of each General District was taken from the name of one of the Oblasts it included (except the General District Crimea), and the boundaries of the General Districts in places coincides roughly with Oblast boundaries, but just as often General District lines cut through the Oblasts.2/ Other factors, besides previous administrative lines, in the laying out of the General Districts were provision for transportation facilities3/, and the desire to make the General District a large geographical unit.4/ This latter point was tied up with the decision to make the Region (Gebiet) the bearer of the burden of administration and the consequent determination to limit the number of General Commissariats for the better co-ordination of the work of the numerous Regional Commissariats. The General Commissariats were organized similarly to the Reich Commissariat for Ukraine; they were similarly reorganized into eleven Head Departments on 1 April 1943.

The Region (Gebiet) was an entirely arbitrary German administrative creation, designed to enable the Regional Commissioners to carry on the mass of the work of government. There were 114 Regions in the Reich Commissariat Ukraine, averaging about 4,000 square kilometers and a population of from 150,000 to 250,000. Included on the level of the Region were the large cities (Kiev, Dniepropetrovsk, Zaporozhye, Krivoi Rog, and Kamenskoye), administered by German City Commissioners. The Germans explained that they could not use the

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1/ The Reich Commissariat Ukraine, as originally constituted, included five General Commissariats. The General District Crimea (which actually included nothing of the Crimean Peninsula) was formed in September 1942.

2/ The General District Volhynia-Podolia was made up of five Oblasts, Zhitomir of two, and Kiev of two. However, Nikolayev and Crimea shared one Oblast, and Dniepropetrovsk and Crimea another.

3/ The endeavor to give as many General Districts as possible access to the Dnieper caused the formation of new administrative boundaries. Thus part of the former Kiev Oblast was transferred to Zhitomir, and the boundary between the General Districts Nikolayev and Crimea was drawn through the middle of an Oblast in order to give both frontage on the Dnieper.

4/ Aside from the Crimean General District, which was formed late and was smaller than the others, the General Districts in the Ukraine were between 47,000 and 80,000 sq. km. in area and had a population of between 2 and 4 million.

Soviet regional administrative division because the magnitude of the function and the smallness of the staff in the Regional Commissariat demanded an area smaller than the Oblast. Although theoretically subject to the legislative directives of the Reich Minister and the Reich Commissioner and to the executive regulations of the General Commissioner, actually the Regional Commissioner exercised an almost unlimited authority. The Germans admit that the Ukraine was not administered (verwaltet), but totally governed, simply because of the nature of the Regional Commissioner, who was not a mere administrator but a political leader independent of instructions, executive order, and even permission, in respect to what he deemed necessary; he acted as if he combined within himself the functions of all the ministries of a sovereign country. He had authorization for every function. The Germans justified this by explaining that the Regional Commissariat was not a model administration (Musterverwaltung) but rather a provisional instrument of necessity (vorläufiges Notgerüst). The great personal authority of the Regional Commissioner, together with the shortage of personnel, made it impossible for him, in the organization of his office to follow the elaborate break-down of the Reich Commissariat and the General Commissariat. The Regional Commissariat was divided into a Central Office and six sections: Politics and Propaganda (which included the handling of Party affairs), Internal Administration, Finance, Economy, Food and Agriculture, and Labor. The few German collaborators of the Regional Commissioner managed these departments; he could give the management of more than one department to one man, or he could even assume the leadership of the departments himself, according to need. The staff of the Regional Commissioner could consist of no more than an SS and Police Leader, a County Agricultural Administrator (Kreislandwirt), a translator, and a few women stenographers.

The general policy of the Germans concerning the Ukrainian people and especially their policy concerning the inclusion of Ukrainans in the administration has been determined by two factors: first, the propaganda line that the Reich had liberated the Ukraine from bolshevism, and second the actual intention of incorporating the Ukraine both economically and politically into the Greater German Reich. In both aspects the Ukraine may be considered as a prototype for the German administration of other Soviet territories already partially occupied or to be occupied. The Nazis espoused the cause of national liberation for the Ukraine long before the invasion by sponsoring and using Ukrainian separatist groups in Germany. The Nazis kept in close touch with groups led by rival nationalists like Skoropadsky and Melnik by means of promises of Ukrainian independence. Melnik's group, the Organization of Ukrainian Nationalists, evolved in closer conformity to the principles of the German Nazis and worked in collaboration with them as informants and propagandists. The liaison man for the Nazis was Alexander Sevriuk, a Ukrainian by birth who embraced four nationalities and many varying political creeds before winding up as a German citizen and a Nazi in the service of Rosenberg and the Foreign Political Office of the National Socialist Party. His function was to co-ordinate the efforts of all the Ukrainian groups and to transmit to them the directives of the Germans. By 1940 he succeeded in uniting almost all the Ukrainian organizations of the world in the Prowid in Berlin, a secret intelligence organization which worked with the German Nazi Party, the General Staff, and the Gestapo. However, with the occupation of the Ukraine in 1941 the Ukrainian groups lost their usefulness, since their nationalism interfered with the German aims of exploitation and incorporation. Both Skoropadsky

and Melnik disappeared from the political scene without ever setting foot inside the Ukraine. The Greater Ukraine which the Nazis had promised the separatists was split into many parts in the name of the principle of the right of national minorities: Ruthenia remained with Hungary, Transnistria was transferred to Rumanian administration, Polish Ukraine was incorporated into the General Government, and the rest of Soviet Ukraine placed under German civil administration. In August 1941, the Russian emigre organ in Berlin, Novoye Slovo, announced that although they had hoped to govern independently after German liberation, the failure of the Russian peoples to rise against bolshevism showed that they did not deserve independence; they pledged their co-operation with the German civil administration.1/ In the same way Rosenberg's catalogue of the four freedoms for the Eastern peoples — freedom from the terror of the OGPU, freedom of ownership of landed property, cultural freedom, and religious freedom -- excluded any idea of political participation. The appeals of Rosenberg and of the Reich Commissioner of the Ukraine to the Ukrainian

1/ This Berlin declaration, obviously inspired by the Germans, announces the plan of the Germans, in spite of its propaganda concerning liberation, to govern the Russian territories:

"We Russian emigres belive that the Tsarist Russia, exiled with us, still exists. We have nourished the illusion that several of us would occupy high positions in a reconstituted Tsarist Russia, as governors, ministers, generals, diplomats, land- or factory-owners. This all has proved a treacherous dream, as already the first month of the German war against the USSR has shown that the Russia we have believed in for twenty-three years does not exist. A moral catastrophe has taken place. The Russian people as a whole has not rebelled against bolshevism, but with animal fanaticism they have turned their weapons against their would-be liberators. This means for us Russian nationalists that the Russian people has for the future lost its right to decide its own fate. Russia's future, constitution, laws, trade and industry will not be decided by Russian interests but by a common European interest. We Russian nationalists must be willing to work unconditionally for the Russian people, whose fate will be decided by the organizers of the New Europe."

population in January 1942 revealed that the German conception of national liberation demanded collaboration of individuals and nation as economic and cultural, not as political, units:

> The German Reich has taken over the administration of the Ukraine in order to prevent for all times the return of bolshevist conditions and the domination of Jewry. The new administration expects the contribution of all Ukrainians, to raise the treasures of the ground, while it on its side will make every effort to introduce an epoch of construction after the terrible era of destruction.

The Ukrainian was to pay his thanks for his liberation from bolshevism in the form of work for the Germans.

In an address of January 1943 the Reich Commissioner for the Ukraine revealed that the Germans did not intend to set up a Ukrainian administration, since only the Germans could save the Ukrainian from chaos while the émigrés would intensify it; the local population could be used in subordinate position only.

Hence there was no native administration in the Reich Commissariat Ukraine above the local level. The closest thing to a prominent Ukrainian active in the Reich Commissariat on a national level was Sevriuk, who was assigned to the staff of the Reich Commissioners as native adviser, with the specific task of organizing and supervising a Ukrainian civil service to fill subordinate positions. For this he summoned reliable Ukrainian emigres from various parts of the world, and when Sevriuk died in December 1941 these subordinates were the only natives in the German administration. Some of them held a Ukrainian Separatist Convention at Zhitomir in March 1942; however, it was presided over by a German General Commissioner and had no results. The German civil administration in the Ukraine remained that of an enemy country whose inhabitants could not be trusted in any part of the government above the county level.

The German treatment of Ukrainian nationalism formed the only complete pattern of the use of Russian national minorities, since the Ukraine was the only distinct nationality to be placed under German civil administration. However, the same pattern had been followed with respect to other nationalities whose territory the Germans expected to occupy. Emigre organizations representing separatist hopes of the former Caucasian republics, Turkestan, Crimea, the Volga, and Ural Tartars were brought into contact with the Reich authorities through representatives in Berlin. At first the Foreign Office was charged with negotiations with these minority organizations, especially through von Schulenburg, the former Ambassador to the Soviet Union. Later the Reich Ministry for the Occupied Eastern Territories took over these relations, through the Leader of the Head Department for Political Affairs. As with the Ukrainians, the Germans refused to discuss the question of independence with these national minorities. Representatives of those organizations which continued collaboration on this basis were invited to Berlin in the fall of 1942, and National Committees for the North Caucasus, Azerbaitan, Georgia, Armenia, and Turkestan were formed, with their headquarters in Berlin. When the Germans invaded the Caucasus they took a delegation of these representatives with them for propaganda purposes. The committees were not political or administrative bodies: their function was restricted to psychological warfare against the Soviet Union and to enlisting recruits from their peoples to fight in the German armies. They were forbidden to use the word "independence" in their propaganda, and the Germans even prohibited the use of collective terms such as "Turk" which could serve as a basis of national union. It came to be German policy in respect to these Caucasian groups

to subordinate the political organizations and leaders of the various nationalities to the German-appointed commanders of their military legions. Since these commanders were those who had been evacuated from the Caucasus by the Germans they were more tractable and not so politically conscious as the emigre leaders.

With the advance of the Red Army, beginning early in 1943, the Germans again began to stress the "liberation" angle. The Berlin correspondent of the Swedish Stockholms-Tidningen was permitted in June to write as follows: "The Germans are now acting on their realization that Russia can only be defeated with the help of Russians and never in the face of their resistance." This realization, it was pointed out, meant a new policy of collaboration with the population in the occupied areas. As a result, two or more native national liberation groups were formed in the spring of 1943. A Ukrainian Liberation Committee was formed in Kharkov, with a "Ukrainian Army of Liberation" under it. However, the Committee had merely a propagandistic function and was granted no governmental or administrative powers whatsoever. More important was the foundation of a Russian Liberation Movement in Berlin under General Andrei Vlasov, as a political movement including a "Russian Army of Liberation." This step, however, involved German propaganda policy in a serious contradiction. The original German intention was to use the Vlasov movement as the instrument of an appeal to "racial Russians" (Great Russians) in the same way as the other liberation committees appealed to the other nationalities of the Soviet Union. However, the Russian nationality was not, like the others, a national minority, but rather a dominant nationality and a great force for the cohesiveness of Russia. Inevitably, therefore, the Vlasov movement tended to become a

liberation movement representing all the peoples of Russia. It was the only liberation group to propound a full-scale political program for the Russia of the future. It looked forward to a Russia, which was to be neither Bolshevist nor Tsarist, which was to preserve the benefits of the Russian Revolution while doing away with the tyranny of Stalinism. This "free, socialist" Russia involved the abolition of compulsory labor, the introduction of an independent agriculture, the promotion of trades, handicrafts, and small industries, the granting of amnesty to all people imprisoned by the Soviet Union, and the granting of real autonomy to the national minorities. This development toward an integral Russian nationalism was rejected by the radical Nazis, led by Himmler, because it opposed the colonial plans of the Nazis for White Russia and the Ukraine (most of which was still occupied by the Germans in the first part of 1943) as well as the plans for German domination of the other nationalities of Western Russia. Because the leaders of the Russian Liberation Movement insisted upon its program for an independent, greater Russia, the Nazis dropped them in the summer of 1943 and maintained the policy of playing up the separate nationalities. Only in November 1944, when the Germans had been driven completely out of Russia and had been isolated by the loss of most of the satellites, was the Vlasov movement revived by Himmler. With the Nazi plans of domination ruled out by military events, Himmler endorsed the idea of a liberation movement encompassing all the nationalities of Russia fighting with the Germans both in the German army and in the Soviet Union against "bolshevism." The change in policy was revealed in the change in name of the movement, which became the Committee for the Liberation of the Russian Peoples, headed by Vlasov. The new movement was addressed to the German people

in order to check the feeling of isolation, to the Soviet prisoners and workers in Germany in order to pacify them politically and to increase their volunteering for, and reliability in, the German army, and to the Slav peoples of Southeastern Europe in order to counterbalance the Pan-Slav appeal of the Soviet advance. However, even this change in policy kept within the propagandistic limits of the German policy toward the Russian peoples. The new movement was given no real powers, and the Reich Ministry for the Occupied Eastern Territories continued to have a shadow existence, maintaining its contacts with the various national committees and a role in the political issues of the Soviet workers in Germany.

The Ukrainian Auxiliary Administration (Hilfsverwaltung) did not operate beyond the level of local government. The Ukrainian Self-Help Works, which the Germans sponsored, was organized on a regional (Gebietliche) basis but actually exercised no administrative function. The units of local government were taken over without change by the German administration from the Soviet system -- rayon, rural and urban commune, village. There were 433 rayons (including twenty-five rayon-free towns) in the Reich Commissariat, from 2 to 4 per Region (Gebiet). Each rayon included an average of five villages. While the administrative areas were maintained, the Soviet local administrative system was reorganized to cut out all popular organs and to subject it to the complete territorial authority of the Regional Commissioner rather than to the functional representatives of the central authorities as under the Soviet system. On the other hand, the dependence of local government upon the higher levels of administration in the Soviet structure made the use of the local offices by the Germans feasible. The administrative district of the rayon was headed by a rayon chief (Rayon-chef), that of the rural or urban community by a mayor (Bürgermeister), that of the village by a village magistrate (Dorfschulze or

Starosta). These officials were natives, except for the mayors of those small or medium-sized rural communities which were deemed important (for economic reasons or as seats of German offices). These mayors were German and the towns they governed were considered on the rayon level, immediately under the Regional Commissioner. The mayors were assisted by Ukrainian Auxiliary Committees. This local Auxiliary Administration was appointed from above, and indeed the selection of reliable personnel to fill its ranks constituted one of the most important tasks of the Regional Commissioner. He appointed directly the rayon chief, who in turn appoints the communal and village leaders with the approval of the Regional Commissioner. Many of these Ukrainian officials were imported from Poland and Ruthenia and trained in Nazi camps for their functions. These functions were executory and relate exclusively to the application of German policy in fields like education, public health, agricultural production, and manpower mobilization. The functional division of the local administrative unit comprises twelve sections:

a. Administration
b. Schools and Culture
c. Public Health
d. Veterinary
e. Land Surveying
f. Legal Affairs
g. Finance
h. Agriculture and Nutrition
i. Labor
j. Economic and Supply Establishments
k. Administration of Real Estate and Apartments
l. Construction

The competent General Commissioner had the authority to create new divisions within this native local administration when he deemed them necessary. The powers of the local officials were entirely derivative, and ultimate authority resided with the Regional Commissioner. Moreover, much of the local economic and security administration devolved upon

the German County Agricultural Administration in every rayon and upon his German agricultural leaders on the state and collective farms. The County Agricultural Administration was the representative of the Regional Commissioner. In a country as large and as predominantly rural as the Ukraine, where the actual authority of the occupant's administration did not extend beyond the large centers, the importance of the agricultural leaders is considerable. The German local administrators established themselves near the Rollbahn (military communication lines), and German authority diminished with the distance from these centers.

6. Personnel of the Civil Territorial Administration

The Reich Ministry for the Occupied Eastern Territories followed certain general principles in the selection of the personnel of its territorial administration:

a. On the higher levels, Party membership was an indispensable qualification. On the lower, administrators were drawn both from the Party and from the German Civil Service, in order to obtain the "right proportion between specialized knowledge and political strength."

b. Political reliability was considered an obvious necessity, and care was especially exercised to choose the most anti-Communist men available. Hence a large proportion of SS and some SA and NSKK men was in the service as well as party leaders and District Leaders (Kreisleiter).

c. The past experiences of the administrators were fitted to the conditions of the new employment, from the highest level down. Rosenberg was a German-Balt concerned with the German hierarchy of races. Lohse, Reich Commissioner for the Ostland, was Gauleiter of Schleswig-Holstein and formerly head of the Nordische Gesellschaft. Koch, Reich Commissioner for the Ukraine, was Gauleiter of East Prussia

and formerly member of the Osteuropa Institut in Breslau. Moreover, these Reich Commissioners secured their staffs from their own areas of origin. Thus Lohse brought most of the staff of the head office of the Nordische Gesellschaft at Lubeck into the Ostland with him.

d. The leap-frog tactics which were characteristic of Nazi administrative practice wereapplied also to the occupied East. Thus many officials employed in the General Government were sent on to the Ostland and the Ukraine.

The extrordinary conditions of service in the Occupied Eastern Territories -- the comprehensive nature of the German administration and the quasi-military situation of the area -- calls for special training and a special status for the administrators. The total character of German exploitation meant that the administrators were called from all branches of German life, while the semi-military conditions of their labors demanded a particularly close relation with the Nazi regime. Hence the administrators took a six-month course in the Reich Ministry for the Occupied Eastern Territories in addition to training in the administrative academies for occupied territories. The administrative academy for the Occupied East was the same one as trained officials for the General Government. An unconfirmed report placed another academy in Riga, training for administration of the Ostland. The status of the administrators was fixed in a decree of the Reich Minister for the Occupied Eastern Territories which came into effect on 1 February 1943. This decree created an Administrative Corps (Verwaltungsführerkorps) for the Occupied East, in which every German who was an administrator (Verwaltungsführerkorps) in that area was included. This Corps created a new type of civil servant differing in certain respects from the type envisaged

by the German Civil Servants Law. The members of the Corps were appointed by the Reich Minister for the Occupied Eastern Territories, by his Commissarial representatives, and in some cases by the Führer, and they could be removed at any time by the appointing authority; moreover, the service did not involve a general claim to a pension. Officials of the party or its formation could be called as Verwaltungsführer only with the approval of the competent Party office; civil service officials could be called only with the approval of their competent highest authority. The administrator stood in a special kind of relation of public service and trust to the Führer and the German Reich; his appointment was a proof of trust.1/ Both the administrator and his wife were required to be of Germanic blood, and at least the former had to be either a German national or a Volksdeutsche. 2/ The immediate employer (Dienstherr) of the administrator was the German Reich; his highest authority (oberste Dienstbehörde) was the Reich Minister for the Occupied Eastern Territories. The administrator was uniformed.

There are no reliable figures on the number in the German administration of the occupied East. One estimate has given the figures of one hundred thousand for the Ukraine and fifteen thousand for the Ostland, police detachments included. This reckoning is credible only on the assumption of large bodies of German police, for the Germans have insisted that their administration proper in the territory consisted of a "thin veil" at the top and that the bulk of the actual work was carried out by natives. They have used the figure 250 for the Reich Commissariat Ukraine and 272

1/ Those of the administrators who had not, before their appointment, taken an oath to the Führer must take the following one: "I swear: I will be loyal and obedient to the Führer of the German Reich and people, Adolf Hitler; I will respect the law and fulfill conscientiously the duties of my office as administrator."

2/ Exemptions from this qualification were permitted with the sanction of the Reich Minister for the Occupied Eastern Territories and the Chancellory of the NSDAP.

for the rear zone under the Economic Staff East. This would include only the force of the Commissarial Inspectorate staffs and fits in with their claim that the staff of the Regional Commissioner averaged from four to six Germans. It does not include the industrial and agricultural leaders imported to manage the economic exploitation of the area. There were seven thousand agricultural leaders in the Reich Commissariat Ukraine alone. Agricultural leaders and industrial trustees were uniformed and were part of the administration. Whatever the precise figures, it is clear that, aside from the para-military formations, the actual work of administration in the Occupied East was done by natives, working under German cadres.

C. FUNCTIONS EXERCISED EXCLUSIVELY BY THE TERRITORIAL ADMINISTRATION

1. The Judicial System

The German territorial administration for the occupied East created a German court system based on the West legal principles and procedures current in the Reich. Its competence was so elastically formulated that it had actual or potential jurisdiction over every action that could concern German interests in any respect. Native judicial systems were permitted to operate only for those marginal spheres in which the Germans had no interest, and even here their decisions were always subject to German review and transfer to a German court. These native systems varied according to area. In the Baltic countries, where an entire structure from national to local courts was in being, and where private property relationships 1/ were still vital enough to create numerous routine legal cases, the native system was permitted continued operation within a German-limited sphere. In White Ruthenia and the Ukraine, where the Soviet court system had disappeared upon German occupation and where private property relationships were practically non-existent, the native system was limited to a local basis. Finally, the German court system was given its broadest competence in the field of penal law, since this was a field most closely connected with the political control of the population. The regular court system was supplemented in this sphere by a system of German police courts, by penal powers given to the Commissarial authorities, and by the direct extra-legal action of the German SS and Security Police.

The basic structure of the German court system set up for the Occupied East was identical for both Reich Commissariats. In both cases it was based upon a decree of the

1/ For the property question, see below "Property," E 1, b.

Reich Minister for the Occupied Eastern Territories, dated 19 December 1941, on the Establishment of the German Legal System in the Occupied Eastern Territories (a decree itself corresponding essentially to a previous decree of the Reich Commissar Ostland of 6 October 1941), and implemented by various Reich Commissarial supplementary decrees. The structure consisted of a German High Court (Deutsches Obergericht) for each Reich Commissariat and of German Courts (Deutsche Gerichte), to each of which a Special Court (Sondergericht) was attached. The German High Court was purely an appeal court for both civil and penal cases from both the German and native courts. (Jews could not make such appeals.) The German Courts were competent for all penal cases so far as they were not assigned to another court for judgment; for civil cases in which a Reich German or Volksdeutscher was concerned and for all other cases to which they were assigned by law. A State Prosecutor was appointed for each German Court, and it was he who had the authority to assign doubtful cases to the German Courts, the German administrative authorities, or the native judiciary. The Special Courts operated similarly to the corresponding courts in the Reich and indeed German penal procedure and the German penal code, including the special martial laws, were made applicable to the occupied East. Thus the Special Courts tried not only war economic offenses but also all political cases (including those that would be tried by the Volksgerichtshof in the Reich), such as aiding the enemy, "black-listening," possession of weapons. In order to relieve the court system of the tremendous load involved in this extensive penal competence, the Regional Commissioners were granted the authority to impose imprisonment for not more than two years and to levy fines of not more than 10,000 RM for certain minor cases. For sentences of more than six weeks or 1,000 RM, appeal to the German Courts was permitted. German lawyers were permitted to

operate within this German court system whenever at least one party was German or when German interests were concerned.

The system of native courts varied as between the Baltic General Districts and the old Russian areas. When the German civil administration took over supreme authority in the Baltic countries they found the pre-Soviet courts already in operation. These courts were permitted to continue in operation on the basis of pre-Soviet law, but subject to the limitations imposed upon them by decree of the Commissarial administration and with the exception that legislative bodies, such as Senates, exercising judicial powers were not permitted to function. The native court structure in each of the Baltic countries consisted of county courts (Kreisgerichte), district courts (Bezirksgerichte), and an appeal court. In general, their competence was defined as including those spheres of legal action not prescribed by German decree to German courts. More specifically, their jurisdiction extended to civil cases which did not involve a German and which was not assigned to a German court by law, and to criminal cases in which all offenses and participants were of non-German origin, in which the interests of the German Reich were not affected, and in which a higher penalty than a money fine and/or imprisonment up to four years was not incurred. The German State Prosecutor had the authority to decide not only whether doubtful cases went to German or native courts, but also before which native court — county, district, or appeal — a criminal prosecution was to be tried. In addition, the native courts themselves examined whether the case submitted to them was a matter for their own or for German jurisdiction. Where the nationality of a litigant was in doubt, the native court had to suspend proceedings and submit the

case through the General Commissioner to the German High Court for decision; where the issue depended upon the question of public or private ownership of property, the native court had to suspend proceedings and submit the case to the General Commissioner for decision. Rights and legal relationships arising from Soviet property confiscated by the Germans were excluded from the competence of the native courts. While decisions of the district courts and the court of appeals in the second instance were incontestable by the parties to the case, no decision by a native court was final from the official point of view. The General Commissioner could submit any decision of the native courts to the German High Court for review, on the ground of exceeding jurisdiction or "if weighty or factual objections exist." The German High Court could then confirm the native court, itself issue a binding decision, or void the former decision and submit the case to a German or native court. All the personnel of the native court system, including judges, magistrates, lawyers, and prison wardens, had to be approved by the General Commissioner upon proposal by the native Director or Councillor for Justice, and had to declare in writing their submission to the decrees of the German civil administration. Jews were prohibited from all legal activity.

A special kind of native court permitted by the Germans was the Special War Court (Kriegssondergericht) set up in Estonia and Latvia when the Germans introduced military mobilization in those General Districts in October and November 1943. The Court was set up by order of the respective puppet administrations in order to try offenses against the mobilization orders and against martial law as based on native law codes. The Court consisted of a chairman and two magistrates nominated by the Inspector General of the native Waffen-SS legion and appointed by the head of the puppet administration. The office of the public prosecutor was entrusted to a

special representative of the Inspector General. The Court was located at the seat of the Inspector General, and the rights reserved in native martial law to the former Minister of War and Commander in Chief were exercised by the Inspector General. The key place of Inspector General in the martial legal setup reveals the place of German control, for the Inspector General, while a native, was a German appointee.

In the Ukraine and White Ruthenia the German legal system was the only operative system down to the county (rayon) level. The native judiciary consisted in an arbitrator (Schlichter) for civil law cases, and a juror (Strafschöffe) for penal cases, appointed in every rayon. The arbitrator could decide civil cases except (a) where a Reich German, a Volksdeutsche, or any other save a Soviet or Polish national was concerned; (b) where the status of a marriage or legitimacy was concerned (native marriages were regulated by German Commissarial decree); (c) where the case concerned a right to real estate; and (d) where the case concerned claims to a value of more than 100 RM. In all these exceptions, the German Courts were competent. The arbitrator could apply native (pre-Soviet) law except in doubtful cases, where he had to apply the principles of German law. Decisions of the arbitrator had to be endorsed by the German Regional Commissioner before they were valid, but they could be changed only by order of or in agreement with the German Courts. The legal offices of the General Commissioner could transfer cases belonging within the jurisdiction of the arbitrator to the German Courts. The juror could decide certain minor cases. In doubtful affairs, the German State Prosecutors decided whether or not the juror was competent to try the case.

Supplementing this regular court system in the occupied East, emergency police courts (Standgerichte) were set up by the German Security Police in some localities for certain cases involving opposition of a political nature. Thus attacks against German or native Security Police, sabotage, collaboration with Soviet parachutists or escaped prisoners came within the purview of these occasional courts.

2. Other Functions

All governmental functions pertaining to the native population and not specifically assigned by Hitler to the supreme authority of a central Reich agency fell to the responsibility of the territorial administration. Aside from the judicial structure, the territorial administration did not create special organizations to handle these affairs but simply acted through the general governmental structure. Thus matters like health, welfare, youth control, press and propaganda, education, and ARP were handled directly by the Commissarial offices.

In questions of youth, the Germans acted through their control over puppet youth organizations, formed nominally by the natives but actually run by German appointees.

In the field of education the Germans reopened the old elementary and intermediate schools, but by a decree of Rosenberg reoriented their program to contribute to the war effort. Courses and themes were evaluated according to the following system: Group A— of importance to the war effort; Group B— important for the reconstruction of Europe; Group C— important for research purposes; Group D— not urgent. The application of this system transformed the schools almost entirely into technical and vocational training institutions. This policy hit

higher education especially hard. In Estonia and Latvia the liberal faculties were drastically cut, and labor service for one year was a condition of admission. In Lithuania, where resistance to the formation of the national Waffen-SS legion was laid by the Germans at the door of the 'intellectuals,' the universities and other educational institutions were closed. In the Ukraine no university was reopened, and instead the Germans created vocational schools and several technical and research institutes for fields related to the economic exploitation of the Ukraine. For all levels of education, the Germans established special teachers' schools and organized special courses and trips to Germany to insure the reliability of the instructors.

The Propaganda Departments of the Reich Ministry for the Occupied Eastern Territories and the Reich Commissariats controlled press, film, and radio. In each case they operated through trustee companies. Newspapers, periodicals, and books were published under the auspices of German firms like the Osteuropäischer Zentralverlag G.m.b.H. or the Aufbauverlag G.m.b.h. (owned by the German Labor Front). Films were produced and distributed by the Zentralfilmgesellschaft Ost m.b.H. and its subsidiaries Ostland Filmgesellschaft m.b.H. and the Ukraine Filmgesellschaft m.b.H.; these companies were all subsidiaries of the German UFA. Finally, radio broadcasting was operated by the Reichsrundfunkgesellschaft under the directives of the Propaganda Departments.

D. FUNCTIONS EXERCISED EXCLUSIVELY BY CENTRAL REICH AGENCIES

While the territorial administration under the Reich Minister for the Occupied Eastern Territories represented the sovereign power of the occupant in those territories and comprehended in general the task of administration, yet the Führer had the right to exclude certain special domains from its jurisdiction and to entrust them to other agencies of the Reich Government. Hitler made use of this right in two ways: first, he charged certain central Reich offices with functions which were wholly excluded from the competence of the territorial authorities; second, he granted to other Reich agencies powers in fields which demanded that these agencies work with or through the territorial administration for the execution of their tasks. In the first category were those functions which by their very nature were beyond the competence of a civil administration established for an ad hoc military occupation. These included primarily military security and various technical services, including the posts, the railroads, the roads, water transportation, and construction. In the second category were those functions in which German interests were so vitally concerned that the key central bodies had to have representation in initiation and control while using the framework of the territorial organization for execution. These functions were police activities, Party organization and the control and use of the Volksdeutschen, and the direction of economic exploitation. All functions save those specified for central Reich organizations were reserved for the territorial administration.

1. Military Affairs

Military security in the Occupied Eastern Territories was in charge of the Wehrmacht, whose territorial organization was under the High Command in Berlin and stood entirely beyond the competence of the civil administration. Thus the executive order of 18 August 1941 by the Reich Commissioner Ostland proclaiming

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his assumption of authority specified that "the exercise of military authority and competences have been transferred to the Military Commander Ostland (Wehrmachtsbefehlshaber Ostland), whose powers are not concerned by this order." While the Reich Commissioner announced that orders to the civil population would go through the offices of the German civil administration, he stated also that "the power of the offices of the Military Commander Ostland to claim the performance of tasks of Reich defense remain untouched by this."1/ Hence the military organization of the Occupied East was completely separate from the Reich Ministry and the Reich Commissariats. Contact was maintained through common representation in the government in Berlin and by military liaison officers attached to the territorial Commissioners on all levels.

The territorial military organization in the Occupied Eastern Territories was headed by a Military Commander (Wehrmachtsbefehlshaber) Ostland and a Military Commander Ukraine. The information available on the subdivisions deals with those of the Ostland, but it may be assumed that they hold as well for the Ukraine. Under the Wehrmachtsbefehlshaber there was a General Staff, an Army Commander (Militärbefehlshaber), a Naval Commander (Marinebefehlshaber), and an Air Commander (Luftbefehlshaber), together with several High War Councillors (Kriegsverwaltungsräte) and War Councillors (Oberkriegsverwaltungsräte). Regionally the Armed Forces were organized into Wehrmachtkommandanturen (Military Commands). In general, there was a Field Command (Feldkommandantur) for each Region, although in some cases 2/ two or more Regions were combined into one Feldkommandantur. Under the Feldkommandanturen

1/ The property of the Red Army was taken over directly by the Military Commander, and not through the civil administration.
2/ For example, Riga-Stadt and Riga-Land comprised the Wehrmacht Ortskommandantur Riga.

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The Baltic peoples were considered as occupying a higher position on the racial scale; also, since they had only recently come under Soviet rule, they were regarded as less permeated by it and therefore more capable of collaboration as puppet units in a German-dominated Europe. Hence they were enrolled into the elite German Waffen-SS, while the Russians, whose co-operation was required by reasons of manpower rather than ideology, were enlisted in the regular German Army.

In the Baltic countries during the first stages of the occupation--i.e. while the German troops remained victorious in Russia and the liberation line remained in the background--volunteers were accepted into the Wehrmacht on an individual basis, with the exception of an Estonian Air Group which was fighting as a unit with the Luftwaffe on the Eastern Front. However, in the early part of 1943, with the beginning of the German reverses in Russia, the Germans propounded the ideological line of Baltic collaboration in the national struggle against Moscow and made a strenuous drive in each of the Baltic countries for the voluntary formation of national Waffen-SS legions. This drive resulted in the formation of such legions in Estonia and Latvia by April 1943, but it failed completely in Lithuania, where German colonization had alienated the population and where the underground movement for political independence was strongest. In Lithuania the Germans had to be content with the recruitment of four pioneer (engineer) battalions for the Wehrmacht. The Estonian and Latvian Waffen-SS legions were founded by the Reichsführer SS (Himmler) as represented by the Higher SS and Police Leader Ostland and were organizationally and administratively responsible to the same authority. The Waffen-SS legion was the overall organization including all the native armed forces in each of the two Baltic countries under the unified leadership of the German Waffen-SS and permitting them all to be employed in German military or security interests. Thus each legion included both the native Protection Police (Schutzmannschaften), which were under the German

Commander of the Order Police, and the various units (brigades and divisions) enrolled in the Waffen-SS itself, in many cases through the transfer of members of the Protective Police battalions. Command and staff positions were in native hands only up to the regiment; brigade and division command and staff were in the hands of German Waffen-SS officers, as was the leadership and sub-leadership of arms instruction. Each of the two legions had a native appointed by the Higher SS and Police Leader to the post of Inspector General of the national legion.

With the accelerating advance of the Red Army the German enlistment campaign intensified, using ever more intensively all the means of duress made possible by the existence of compulsory labor machinery. Promises of political concessions accompanied this campaign until in October 1943 the German Commissarial administration authorized the puppet administrations in Latvia and Estonia to conscript the age-groups 1915-25 under the supervision of the native Inspector General in each of the two Baltic countries and in accordance with native martial law administered by native military courts. However, the conscription was into the framework of the existing Waffen-SS legions, and the Inspector General, who received the powers of the Commander in Chief and the Minister of War of the days of independence, remained a German appointee. In Lithuania conscription was the subject of long negotiations with former Lithuanian military leaders; the latter demanded the formation of a national army under Lithuanian command to fight only for the defense of Lithuania rather than inclusion into German Waffen-SS units as a nominal legion. In February 1944 the Lithuanians were allowed to form local units for home defense under their own officers on a voluntary basis. In April conscription was introduced by the puppet government, but opposition was aroused by the announced German plan to send some of the units to Germany to aid in the defense of air fields. In May the Germans demanded the incorporation of the local units into the Waffen-SS and, meeting resistance, forced the execution of this demand by arresting the Lithuanian officers in command

and by disarming unreliable units.

It was, however, from the other peoples of the USSR that the Germans drew the bulk of the Eastern forces they use in Western Europe. These forces were recruited in two stages. The first consisted in the recruitment of Russian anti-Soviet forces, especially from emigre circles, from all over Europe into a White Russian Corps from 1941. This stage was short, because of the increasing evidence of German permanent designs on occupied Soviet territory. In view of these designs and the prospects of a long war, the Germans in 1942 began to form volunteer national legions of Soviet minorities who were deemed unprepared for the exercise of political independence and whose nationalistic aspirations could therefore be exploited safely within the German framework of political domination. The Caucasian and Cossack minorities were especially emphasized in this respect, both because of their older anti-Soviet attitude and because the German plans for a Caucasian campaign in 1942 would give access to the manpower of this area. Hence in February 1942 a Training Staff of the Armenian and Georgian Legion was created, and in May 1942 a Staff of the Eastern Legions. By the end of 1942 this aspect of the German organization of the Eastern Front was regularized by the following appointments: (a) a general of the volunteer Units (formerly Eastern troops), who was a German subordinate to the Army General Staff and responsible for the administration of the Eastern volunteers (consisting at that time almost exclusively of the Eastern legions and Cossack regiments), (b) a Kommando of the Eastern legions responsible for their training, and (c) a general of the Eastern legions in charge of their operations.

Legions for the following peoples were under the command of these authorities; Armenian, Georgian, Turkoman, Volga Tartar, North Caucasian, Azerbaijanian, Caucasian Mountain Legion. These legions did not operate as such but were organized in regiments and battalions which were split up among various German units and were

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controlled by German cadres which included regimental and company officers and often German NCO's as well. The legions were headed by native military staffs with formal functions and by National Committees whose activities were limited to liaison with the German political authorities (the Reich Ministry for the Occupied Eastern Territories) and to liberation propaganda.

In April 1943 this use of national separatist aspirations was extended to the formation of a Ukrainian Army of Liberation and a Ukrainian Committee for National Liberation, which were mere staffs exercising nominal control over separate regiments and battalions incorporated into German units. However, the propaganda device of a national Ukrainian Army indicated a significant change in German policy under the influence of the turn of the war in the East, the Ukraine having previously been destined to be a colony of the Reich. At the same time an executive council of Don and Kuban Cossacks was formed.

This change of policy, motivated by the increasing needs for liberation propaganda and manpower, reached its climax in the formation in March 1943 of a Russian Liberation Movement organized into a political and a military sector--that is, into a Russian Committee of Liberation and a Russian Army of Liberation, both under General Vlasov. The original aims of the movement consisted in the emancipation of the Russian people from the yoke of "Bolshevism" and the formation of a new Russian state, different from both Tsarism and the Soviet regime, preserving the social achievements of the latter in a totelitarian framework which would continue national ownership of the industrial means of production but would restore private property in land.

In its original form the movement, which was centered almost exclusively about the Army of Liberation, was designed as simply another propagandistic device aimed at a specific nationality of the Soviet Union, in this case the Russian people proper (including both Great and White Russians). The Army was to limit the recruiting to

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were the Ortskommandanturen (Local Commands). Lithuania formed a special case: it apparently was the only General District with a military organization on that level. It was called the Security Region (Sicherungsgebiet) Lithuania and was led by a Commander and a Command Staff. This was evidently apart from the regular military administration in the area and may have been connected with the use of Lithuania as a colonization space for the racial security wall of Germany in the east.

The security functions of the military administration were especially important in the occupied East because of the large-scale partisan activity in many sections--notably Lithuania (the Vilna area), Eastern Latvia, White Ruthenia. With the advance of the Red Army in 1943 the security functions of the military administration brought an extension of its powers over the population. Thus in the latter part of 1943 it created special military zones along the coast of the Baltic Sea from which all civilians had to be evacuated; it destroyed a Lithuanian village whose inhabitants had aided guerilla forces; it began wide-scale requisitioning of horses and other means of transportation.

The second important function of the military authorities in the occupied East was the recruitment of natives for service in the German Armed Forces. This function was executed not only by the Wehrmacht proper but also by the Waffen-SS as part of the German fighting forces. In general, the field was so divided between them that the Waffen-SS, acting through the Higher SS and Police Leader, operated its recruiting offices primarily in the Baltic General Districts, while the Wehrmacht, acting through the recruiting offices set up by his Kommandanturen, recruited in the old Russian areas.

This division of the field between Waffen-SS and Wehrmacht implied a distinction made on both racial and political grounds between the Baltic people and the population of old Russian territory.

these peoples, and the Movement was said to promise full freedom to the various national minorities of the Soviet Union.

It was at this point, however, that the two German liberation lines came into conflict and brought about the fall of the Vlasov movement politically, for the appeal to the Great Russians was actually an appeal to the majority nationality, whose nationalism required the integrity of all the territory of the Soviet Union and refused to countenance either German ambitions or the splitting off of the minorities. This led to confusion in two respects; Cossacks and Ukrainians as well as Russians were recruited into the framework of the Vlasov army, and Vlasov himself is reported to have objected to the break-up of Russia in the German post-war plans. The result was the dropping of Vlasov and the splitting of the Vlasov army into separate regiments and battalions dispersed in various German units. The Russian Army of Liberation, like the Ukrainian and like the staffs of the Eastern Legions, existed merely as military staffs under the general of the voluntary units who exercises actual control over them. In November 1944 this changed German policy led to the formation of the Committee for the Liberation of the Russian Peoples under Vlasov. The official aim was the formation of a unified Russian Army of Liberation which would include all the nationalities. Indeed, a German front dispatch called a Waffen-SS division "the First Russian Division." However, while the military staffs of the national committees of the various nationalities declined in importance, the "Russian Army" and the powers of its staff soon to remain nominal. Command and staff posts above the regiment remained with the Germans.

Formally, the basis of the recruitment of the Eastern troops was voluntary enlistment. Actually, however, pressure was brought to bear for enlistment by such devices as harsh treatment of prisoners of war, labor service of Soviet peoples in Germany and the homeland, and the promise of material benefits, including grants of land, in return for enlistment. As a result, most of the recruits were former

prisoners of war starved into the German army, deserters from the Red Army, and volunteers from the occupied Soviet territories brought into the German army either through the channels of compulsory labor service or by the pressure of native chieftains of the various Caucasian tribes. The Kommando of the Eastern legions recognized the material basis of their enlistment and in explicit orders to their German commanding officers issued detailed instructions on the utilization of material benefits to win them over ideologically to the Nazi cause. In these orders, equality of treatment with the Germans was stressed, but this emphasis revealed at the same time the German conception of the cultural inferiority of these troops and the resultant degrees of inequality of treatment by their German officers. Officially this receives recognition in the drastic penal regulations applicable to the Eastern troops. Moreover, the splitting up of their legions into separate small units was only one aspect of their complete integration into the German army: they wore German uniforms, with distinguishing national armbands, received German decorations, and have German arm insignia.

While the main emphasis has been on the use of these troops in rear areas as field police and construction battalions, they have also been utilized at the front in infantry, cavalry, and reconnaissance capacities. Their performance appears to have been uneven in both front and rear employments. Used at first on the Eastern Front, the large numbers of desertions to the Red Army led to the transfer of the bulk of these forces to the Balkans and especially to Western Europe, where some 140,000 of them were estimated to be in 1943. Both the General and the Kommando of the Eastern Legions transferred their headquarters from Poland to France, where a reported 40,000 of the legionaries were located before the invasion. In France their performance against the Maquis is reported to have been indifferent. On the other hand, the operations of some of the units on the Eastern Front was most beneficial to the Germans, and their police activity in the Balkans was at least characterized by the proper amount of terrorism.

The reliability of the Soviet peoples in the German Army varied in general by nationalities. Thus the Georgians were among the most reliable of the troops, the Cossacks among the most doubtful. It is probably for this reason that the Germans did not follow out their original intention to keep the various nationalities in separate units but rather combined many in the same battalion. However, one constant factor making for the loyalty of these men to the Germans was their conviction, fostered by the Nazis, that the German Army was their only protection against death by court martial at the hands of the Red Army.

2. Technical Functions

A Hitler decree stipulated that the construction and maintenance of technical facilities in the occupied East should be undertaken by the existing technical organizations in the Reich; hence technical work in these areas took the form of extensions of the networks from the Reich rather than the construction of a separate structure by the territorial administration. Speer in his various capacities--as Reich Minister for Armaments and War Production, Inspector General for Water and Power, Commissioner General for Construction, head of the Organization Todt, Inspector General for German Roads--was responsible for the organization of armaments production, all kinds of construction, and electric power; Dorpmüller as Reich Minister of Transportation was responsible for railroad construction and operation and all kinds of traffic; Ohnesorge as Reich Minister of Posts was charged with the technical functioning of posts, telegraph, and radio. The central agencies operated through representative offices which were directly responsible to them and which co-operated with the territorial administration when the technical framework affected the general life of the area. Thus the extension of the posts was legally introduced by Reich Commissarial decree, and the programs on the radio network operated by the representatives of the Ministry of Posts were made up by the propaganda departments of the various Reich and General Commissariats.

a. Speer's Jurisdiction

As Reich Minister for Armaments and War Production, Speer operated through the Armaments Inspections and Armaments Commands (Rüstungsinspektionen and Rüstungskommandos) into which the Economic Inspections and Economic Commands of the Economic Staff East were transformed when an area was placed under civil administration.

As supreme authority in the fields of construction and electric power, Speer operated through special technical offices in the occupied East and used the Organization Todt and trustee companies for the execution of his tasks. Under the original constitution of the territorial administration of the occupied East, some role in these matters was planned for the Commissarial organization. Thus a Main Department IV (Technical Affairs) was originally a part of the Reich Ministry for the Occupied Eastern Territories and of the Reich and General Commissariats. The departments within this Main Department covered precisely those fields for which Speer was responsible in the Reich: Road Construction, Waterways and Ports, Water Economy, Civilian and Industrial Construction (Hoch- und Industriebau), and Power Development. This Main Department, however, never came into actual operation, and eventually it was dissolved. It was replaced in the Baltic countries by a network of Technical Offices under Speer, headed by a Central Technical Office (Technischen Zentralamt) for each Reich Commissariat located in Riga, with Main Technical Offices (Technisches Hauptamt) for each General Commissariat. In the Ukraine the chief work of Main Department IV was taken over by the Organization Todt Group for South Russia (OT Einsatzgruppe Russland-Süd) with its departments for Railroad Construction, Road Construction, and Waterways and Water Economy. The OT organization in the Ukraine was subdivided into District Groups (Bezirksgruppen). In the field of power Speer, as Inspector General for Water and Power, founded, in conjunction with the Reich Minister for the Occupied Eastern

Territories, the Energie Ost G.m.b.H. capitalized at 10 million RM, with the task of planning and supervising the construction and reconstruction of power plants in the occupied East.

b. Transportation

As in the Reich, authority in the field of transportation in the occupied East was divided between Speer and the Reich Ministry of Transportation. Construction and maintenance of all forms of transport except railroads were under Speer, and the direction of traffic under the Transportation Minister. A Führer decree of 14 January 1942 charged the Reich Minister of Transportation with the administration of the entire traffic of the occupied East, including inland shipping and road traffic. For the execution of this task the Minister set up a General Traffic Directorate East (Generalverkehrsdirektion Ost), located provisionally at Warsaw and responsible for railway, road, and shipping traffic for the whole sphere of the occupied East. Its main functions were the supply and rationalization of the means of transportation and the supply of administrative personnel. Under it the occupied East was divided into four regions, each administered by a Reich Traffic Directorate (Reichsverkehrsdirektion), located at Riga, Minsk, Kiev, and Dniepropetrovsk. Each administered a district of some 6000 km. as opposed to 2,500 for each Regional Directorate in the Reich.

Again as in the Reich, the railways required a special administration within the general transport setup. The Reich Minister for Transportation, as General Director of the Reichsbahn, was responsible not only for the traffic but also for the construction and maintenance of the railways. Railroad men of the Reichsbahn were the first civil formations operating in the occupied East. Replacing the Field Railway Commands of the Wehrmacht, they followed immediately upon the advancing troops. The formations consisted of small German cadres using native labor in repair of tracks, changing gauges to the German scale, construction of railway repair shops, laying of conduit pipes, establishment of wagon parks, and construction of railway signal facilities. The main responsibility for this

work lay with the Reich Transport Directorate, using Reichsbahn personnel and working with the aid of private construction firms and the Organization Todt. It has been estimated that in the work of railway repair and changing of the gauge, 40 percent of the work was done by the Reich Transport Directorates, 30 percent by the Organization Todt, and 30 percent by both jointly. The General Transport Directorate East set up a special structure for the management of railway traffic. It created under itself five Main Railway Directorates (Haupteisenbahndirektionen), located at Kiev, Minsk, Riga, Poltava, and Rostov, with Railway Operating Directorates (Eisenbahnbetriebsdirektionen) and Railway Operating Offices (Eisenbahnbetriebsämter) managing the regional and district subdivisions under them. The railway traffic organization was administered in three sections: Wehrmacht Traffic, Commercial Economic Traffic, and Service Traffic. The Schenker Company, one of the largest forwarding agencies in the world, was taken over unofficially by the Reichsbahn and received a forwarding monopoly in the occupied East.

The administration of ocean shipping in the occupied East, as in the other occupied territories of Europe, was the responsibility of the Reich Commissioner for Ocean Shipping (Reichskommissar für die Seeschiffahrt), a special Reich authority set up in 1942 to take over the administration of ocean shipping in the Reich and in occupied Europe from the Reich Ministry of Transportation.

c. Communications

Posts, telephone, telegraph, and radio communication constituted a German official monopoly, created and operated by representatives of the Reich Minister of Posts. Within this Ministry there was a Department East (Abteilung Ost), entitled Posts, Telephone, and Telegraph in the Eastern Area (Post- und Fernmeldewesen im Ostraum), which operated in the occupied East through one set of representatives, while radio transmission in the Ostland was operated through another. The first set of functions was administered by a General Post Commissioner for each Reich Commissariat

and by subordinate Post Commissars for each General Commissariat in both Ostland and Ukraine. The opening of post offices, the construction of telephone and telegraph lines (which were constructed parallel to each other), and the opening of telephone and telegraph public exchanges belonged to the province of the General Post Commissioners. So too did the creation of a postal money order and checking service (as in the Reich there it was also under the postal authorities). The General Post Commissioners had at their disposal a Directing Staff (Einsatzstab) for the purposes of construction and postal transportation. While authority over the technical facilities of the posts, telephones, and telegraph was in the hands of the General Post Commissioners as representatives of the Reich Minister of Posts, in matters touching the administration of the local population, such as the confiscation of parcels "the external or visible contents of which are against the law, public good or morals," the authority of the Post Commissioners had to be granted by the Reich Minister for the Occupied Eastern Territories.

The technical aspects of radio transmission were handled in the Ostland as an extension of the Reich system. The transmitters were set up and operated by the Reich Broadcasting Company (Reichsrundfunkgesellschaft), under the supervision of the Reich Commissioner Ostland.1/ This meant that, while the actual broadcasting policy was in the hands of the Propaganda Ministry (acting through the Propaganda Department of the Reich Commissariat), the technical construction, maintenance, and supervision remained with the Reich Ministry of Posts, aided by the Organization Todt. The network of transmission was organized under a Transmission Group Ostland (Sendergruppe Ostland). This was at the apex of a system which included Regional Transmitters for each General District

1/ See "Propaganda in Occupied Europe," Part Two, VIII, of this series.

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(Landessender Riga, Landessender Kowno, Landessender Reval, Landessender Minsk), and under them various city transmitters (Stadtsender). The Transmission Group Ostland was presided over by a German Intendant, the subordinate Transmitters by German directors (Leiter).

In the Ukraine, radio transmission was never turned over to the civil administration. Until the end of the occupation it continued to operate through the Armed Forces Transmitter Group for the Eastern Occupied Territories.

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E. FUNCTIONS EXERCISED JOINTLY BY THE TERRITORIAL ADMINISTRATION AND REICH CENTRAL AGENCIES

1. Economic Controls

Economically the occupied East constituted a tabula rasa on which the Germans proceeded to draw their ideal of an economic organization free from the influence of past traditions and institutions. The basis for this deliberate construction was given by the fact that the Reich used its rights of occupancy to take over, in its own name, all the property of the Soviet Union and its state associations, which included every significant branch of economic activity. On this foundation of state ownership the Nazis built a system of economic controls dominated by Reich authorities in conjunction with the corporate organizations of the Germany economy. Into this system the leading forces of German private economy were then gradually and conditionally integrated to carry out the actual exploitation of the territory under state direction. The final pattern was very similar to the structure of economic controls in the Reich; the Occupied Eastern Territories actually formed an integral part of the German economic system. Hence by the Führer decree of 17 July 1941, which set up the governmental structure for the Occupied East, the key functions of economic planning and rationalization were exempted from the sphere of the Reich Minister for the Occupied Eastern Territories -- that is, from the general territorial administration -- and reserved to the top Reich agencies performing those functions for Germany. Göring as Delegate for the Four Year Plan and Speer in all his capacities (Reich Minister of Armaments and Munitions [later Armaments and War Production], Inspector General for German Roads, Inspector General for Water and Power, Commissioner General for Armament Tasks, and Commissioner General for Building Construction) were given the same powers in the

occupied East as they had for Germany proper. The dominant role which big business played in the economic organization of Germany was safeguarded in the occupied East by the fact that the central Nazi agencies drew the Reichsgruppen -- corporate organizations of the German economy -- into the central directing apparatus of exploitation.

The integration of the central Reich agencies into the general territorial administration -- i.e., the Reich Ministry for the Occupied Eastern Territories and the subordinate Reich Commissariats for the Ostland and the Ukraine -- was achieved by the use of the territorial government as the actual administrative body executing and supervising the execution of the plans of the central agencies. Thus the territorial administration played in the Occupied East roughly the same role that the Reich Ministries of Economics, of Food and Agriculture, and of Labor had in Germany. The economic administration within the Reich Ministry for the Occupied Eastern Territories was concentrated in the Leadership Staff for Economic Policy (Führungsstab für Wirtschaftspolitik) which assumed the tasks of Main Department III (Economics) for the duration of the war. This kind of emergency organization, combining industrial, commercial, and agricultural administration, appeared to be better adapted to war planning than the ordinary department, and, moreover made personal union with the Wehrmacht's Economic Staff East simpler. The Leadership Staff for Economic Policy was divided into the following departments:

Main Division (Chefgruppe) III Wi: Economic-Political Cooperation
Department III; Wi 1: Organization and Administration
Department III; Wi 2: General Economy
Department III, Wi 4: Special Division Industry and Trade (Gewerbliche Wirtschaft)
Department III, Wi 6: Price Formation and Price Supervision
Department III, Wi 7: Communication (Verkehr)

Main Division III E: Food and Agriculture
Department III, E 1: Agricultural Administration and Organization.
Department III, E 2: Production
Department III, E 3: Delivery (Erfassung)
Main Division III F H: Forest and Wood Economy
Department III, F H 1: Organization and Administration
Department III, F H 2: Forest Economy
Department III, F H 3: Wood Economy
Main Department (Hauptabteilung) A: Labor

There was in addition a Special Department, immediately under the Reich Minister, for Trustee Administration, which supervised the management of the economic properties taken over by the Reich.

Co-ordination between the central agencies and the territorial administration was achieved in part through the creation of the trustee companies, formed in the center of the Reich but working under the respective Reich Commissioners, and the use of these companies as the executive organs of the economic administration. Another method of co-ordination was the creation of the economic associations (Wirtschafts-vereinigungen and Wirtschaftskammer) to give corporate organizations under Commissarial control to German enterprises active in the occupied territory. The fact that nationalization under the Soviet regime did not extend to small enterprises like retail shops and handicrafts, or to agricultural property except for the land itself, led to some differences between the economic organization created for the Baltic General Districts and that created for the older Soviet areas of White Ruthenia and the Ukraine. The basic nature of the structure, however, remained uniform for the whole area of the Occupied Eastern Territories.

a. The Period of Military Administration

For the Polish campaign the OKW (Supreme Command of the Armed Forces) organized Technical Commands for the organization of the local supplies and for the operation of industrial and public utility plants necessary for the operation of the

Wehrmacht. These Commands, organized under Economic Officers on the staff of the single Army (Armee), were carried over into the Russian campaign, and in August 1942 they were further regularized by the creation of a General of the Technical Troops under the Quartermaster General of the Army (Heer) General Staff. 1/ However, the longer distances and greater time-element involved in the Russian war necessitated a reorganization of the functions of the Technical and Economic Troops of the Army. An Economic Staff East (Wirtschaftsstab Ost) was set up under the War Economy and Armaments Office (Wehrwirtschafts- und Rüstungsamt) of the OKW to organize the economic system of the occupied territory once that territory had become a rear zone (rückwärtiges Heeresgebiet). Under this reorganization, the competence of the Economic Staff East extended even to the combat zone. The Army Economic Leader, who as chief of Group IV Economics was on the staff of the Army, became a Liaison Officer (Verbindungsoffizier) between the Army Commander to whom he was subordinated and the Economic Staff East from which he received his directives and to which he submitted reports and suggestions on the existence and usability of economic installations. The Liaison Officer disposed of a staff of workers, a reconnaisance troup, and a technical battalion. The operational role of this technical command appears to have been restricted, in occupied Soviet territory, to the repair of public utilities and plants absolutely necessary to the efficiency of the Army, while in the sphere of general economic operation and organization, it simply prepared the ground for the units of the Economic Staff East.

The Economic Staff East, located in Berlin, was subdivided both regionally and functionally. Regionally, it had

1/ See "Technical and Economic Troops in Occupied Europe," Part Two, V, of this series.

three Economic Inspectorates (Wirtschaftsinspektionen) -- North, Center, and South, covering areas corresponding to the rear zone authority of the three Army Groups fighting in Russia. The Economic Inspector was at the same time the Economic Leader (Wirtschaftsführer) of the Army Group. Under each Inspectorate were the areas of the Economic Commands (Wirtschaftskommandos), which acted as the executive organs of the Inspectorates. There were five functional divisions (Chefgruppen) of the Economic Staff East, which were duplicated in the Inspectorates and in most of the Commands: Economics, Agriculture, Labor, Forests and Timber, Promotion of Plants, and Vocational Training. The Economic Officers (Wirtschaftsoffiziere) who constituted the personnel of this organization included regular officers (veterans of World War I), reserve officers drawn from the ranks of German economic life, Army civil servants (Wehrmachtbeamten) and civilians (called Sonderführer) drawn from administrative, industrial, agricultural, commercial, and technical circles. These Economic Officers were selected, trained, and briefed by the War Economic and Armaments Office of the OKW. The purpose of this organization was originally to revive economic activity for the purpose of supplying the fighting troops. This included the securing of raw material stocks, the maintenance of agricultural production and delivery, the operation of important industrial enterprises, the organization of labor, and the establishment of warehousing and forwarding facilities.

When, toward the end of 1941, the battle-line along most of the Russian front became stabilized and the rear zone developed from a mobile stage of occupation into a more or less stable occupied area extending from the front to the eastern boundaries of the Reich Commissariats under

civil administration, the economic organization under the Economic Staff East changed its character. From a system of organizing the immediate supply of the Army in the occupied territory, it became an integral part of the machinery concerned with the permanent organization of Europe within the economy of Greater Germany. This was achieved in two ways. First, the establishment of the Economic Staff East as part of the War Economy and Armaments Office brought the economic organization of the Rear Zone under the direction of Reich Marshall Göring, who was at the same time the Delegate for the Four Year Plan. Second, economic administration under the Economic Staff East was closely integrated into the civil economic organization of the Occupied Eastern Territories under Ministerial administration. This was effected by the device of an identity of personnel in the leading positions of the Economic Staff East and the civil government of the occupied East. Thus Dr. Schlotterer was made both a Militärverwaltungschef and a Ministerialdirektor and led both the Main Division Economics in the Economic Staff East and the Main Division Economic-Political Co-operation in the Reich Ministry for the Occupied Eastern Territories. The integration of the military economic organization was also achieved through the employment of the same trustee companies (Ostgesellschaften) as were set up to direct economic life in the areas of civil administration, as well as through the use of the same private German "patron firms" (Patenbetriebe) through contract with the trustee administration which formed a special division (Sondergruppe) within each Economic Inspectorate. As a result of these measures, occupied Russian territory, whether under civil or military administration, formed an economic unit under common direction.

b. Property

The German attitude toward the property question constituted the basis for the economic administration. The initial decrees by which the Reich Commissioners assumed the civil administration of their respective areas declared that "the German civil administration takes over ... all the movable and immovable property of the USSR, its member states, public corporations, associations, and dependencies (Zusammenschlüsse) with all claims, shares, rights, and interests according to their conditions of 20 June 1941 .... The new regulation of property relationships is reserved." The only exception granted in these decrees was the property of the Red Army, which was placed at the disposal of the Wehrmacht. This taking over of nationalized Soviet property in the name of the Reich included the newly socialized enterprises of the Baltic areas, thereby establishing these areas as enemy-occupied territory and belying the Nazi liberation propaganda. It enabled the Germans not only to build economic activity from the beginning by government action along lines best suited to German interests but also to reserve the most important fields of economic endeavor for private German enterprise.

Thus the Reich Commissioner for Ostland, by a decree of October 1941, and the Reich Commissioner for the Ukraine, by administrative provision, created a Trustee Administration in the staffs of the Reich Commissioners to carry on the economic activities of the properties taken over by the Reich. This property included not only former Soviet possessions, but also those of the Communist Party and all other political associations whose property was confiscated and placed at the disposal of the Reich Commissioners. In addition, in the Ostland by a decree of 13 October 1944, the Reich Commissioner declared that all Jewish property with the exception of

indispensable household goods and 100 RM in cash, savings, or securities was liable to confiscation and transfer to Trustee Administration. By a Reich Commissarial Executive Order of 14 October 1942 the blanket confiscation of the entire property of all Jews in the Ostland, including claims on third parties and the previously exempted household goods and cash, was declared. German confiscation of property and German maintenance of Soviet nationalization extended even to house and real estate property in urban areas. Real Estate Companies (Grundstücksgesellschaft m.b.H) were set up, one for each of the General Districts of the Ostland, and one for the Ukraine for the trustee management of nationalized urban houses and real estate. They superintended maintenance, collected rents from the former owners, and supervised the process of reprivatization in the small degree to which this took place before 1943. The former owners were generally given management and use of these houses by the companies. The economic orientation of all these provisions was evident from the fact that administrative property was excluded from the purview of the Trustee Administration. Property administration was regularized by a decree of 28 May 1942, for the whole Occupied Eastern Territories, issued by the Reich Minister in conjunction with the Delegate of the Four Year Plan. This decree set up the category of Special Economic Property (Wirtschaftssondervermögen) for the trustee management of all property of the USSR which had been employed for economic purposes. The Trustee (called originally kommissarischer Verwalter, but changed in September 1942 to Treuhänder) was appointed and dismissed by the competent Reich Commissioner. He was responsible to the Reich Commissioner for the management of the property and had to issue quarterly reports on his activity. Moreover, he was responsible for

all damages to the property and could be fined for in- efficiency or neglect. He exercised the ordinary course of economic activities at his discretion, but all fundamental dispositions, such as alienation or leasing of property, or changing its legal form, required the consent of the Reich Minister for the Occupied Eastern Territories in conjunction with the Delegate for the Four Year Plan. The cost of management, including compensation for the services of the Trustee, was to be a charge on the administered property. The Trustee could be an individual, a firm, or a trustee company (Ostgesellschaft) administering a whole branch of the economy. While provision was made for the current manager to carry on the Trustee Administration where a Special Trustee was not appointed, actually German individuals and companies were instituted to carry on the important branches of economic life as executive organs of the authorities. Thus, from the very beginning private German enterprise was introduced into the exploitation of the Occupied East, even before formal provision was made for opening the area to private enterprise.

The special situation of the Baltic countries caused two exceptions to this regime of state capitalism. First, by a decree of the Reich Commissioner for Ostland on 17 October 1941 concerning the Reconstruction of Handicraft, Small Industry and Retail Trade, handicraft and small industrial enterprises (average up to twenty workers) and retail trade shops were permitted on a private basis, if the public needed them and if the owners were personally and professionally reliable. The Soviet handicraft cartels and industrial trusts composed of former small industries were dissolved, "so far as public interest did not oppose it."

Second, while maintaining the Soviet state farms set up in the Baltic countries under direct German trustee management, the Reich Commissioner for Ostland, by his decrees of 13 September 1941 and 26 January 1942, directed that land detached from peasant holdings under the Soviet regime would be immediately restored to its former owners for management (unless the new owner could prove his efficiency in operation or the additional land under the Soviet dispensation had improved the productivity of the holding), and that agricultural and forestry enterprises (Erzeugerbetriebe) should be exempt from German trustee administration under the Special Economic Property. This meant in principle the dissolution of the few collective farms (kolkhozes) established in the Baltic countries and the annulment of the Soviet agrarian reform which partitioned everything over thirty hectares in a single holding among landless peasants.

There were two main reasons for these exceptions. First, in neither case had the USSR carried its nationalization policy through to any extent significant enough to make it possible for the Germans to use the Trustee device to take over these branches of the economy. Second, none of these branches of the economy was profitable enough to attract German enterprise. This was especially true for Baltic agriculture, which was characterized by small and medium-sized holdings and was therefore far better suited to production and delivery controls than to direct German management. It is to be noted that, while the farm real property was individually owned, the land, through Soviet action, was nationalized, and the Germans maintained their title to this as a weapon to compel collaboration from the Baltic peasants.

Hence the early German return of farms to private ownership concerned them only as economic enterprises -- i.e.,

concerned the property above the ground and not the land itself, of which the former owners were only made the managers. Hence the Landbewirtschaftungsgesellschaft Ostland not only actually managed all state farms and undissolved collective farms but also had formal powers of trustee administration over the whole landed property of the Ostland.

Having established their right as occupant to all nationalized economic property in the Occupied East, the Germans proceeded to organize an economic system which was formally operated by the state, but which actually brought German big business into dominant positions in every significant economic activity under the cover of management for the Reich. This wedge for German private enterprise was broadened from September 1942 with the introduction of the institution of the patron firm (Patenbetrieb), a German firm which was given the right to transfer personnel and machinery and to take over the operation of a specific branch of the economy for a certain area under the Trustee. While these firms did not acquire title to the property which they operated, they did obtain a certain sphere of economic activity as their own and were promised first consideration when allocation of private property took place after the war.

It was only after the domination of German enterprise had thus been secured that the Nazi administration took steps to privatize properties for the natives. Even the execution of the exemptions of handicraft, retail and small industrial establishments in the Baltic territories from the Trustee decree was extremely slow and complex. The date for the submission of petitions of "former owners" was given as 31 March 1942, and elaborate machinery

for the examination of claims was set up. It included an Evaluation Committee for the assessment of confiscated stocks and a Delegate for Small Industrial and Handicraft Concerns, who, with an advisory staff, was to make final settlement of claims. The first real step for reprivatization in the Baltic General Districts was not taken until a decree of Reich Minister Rosenberg, in conjunction with the Delegate for the Four Year Plan, on 18 February 1943 formally re-established private property collectivized by the USSR and transferred it back to the former owners. However, the decree proceeded to enumerate several reservations which robbed the general principle of actual validity. The preamble of the decree stated that private property is re-established "with the expectation that the owners will fulfill the tasks arising from ownership, especially those regarding German wartime economy." The Decree also provided that priority was to be given to those who "have given a good account of themselves politically and in reference to production." The execution of this provision, by order of the Reich Commissioner, restricted the reprivatization to those who were themselves, or who had members of their family, fighting for Germany at the front, those whose political views were unquestionable (i.e., who had members of the family murdered or deported under the Soviet occupation), those who collaborated politically with the Germans by holding posts in the country and communal administration, and those who had distinguished themselves by production and deliveries above the required quotas. The obverse side of this policy was carried out through the provision that those producers who were inefficient and/or failed to deliver the required quotas were to lose their property.

In the second place, the decree did not affect nationalized property which had previously belonged to corporate bodies, property belonging to German citizens or repatriated Germans, and property essential for war purposes. The practical result of this restriction was to eliminate trade and industrial enterprises from the reprivatization. Hence the decree concerned merely agricultural and urban real estate and left important economic activity in the hands of the Germans.

The final step in the piecemeal "property restoration" in the Baltic countries was taken by the Reich Commissarial Decree of 24 June 1943 concerning the reprivatization of economic enterprises of industry and trade. According to this decree, former owners of such enterprises as were confiscated by action of the Soviet government were permitted to apply for their return to their private ownership, provided that the whole enterprise and not individual items of property were requested. The final decision on the restoration was in the hands of the General Commissioners, but they were empowered to use the Economic Chambers (self-administrative organs of economy -- to be discussed later) for the processes of ironing out conflicting claims and making compensations. However, as in all the German property decrees, there was a joker which testified to the German determination to keep the key economic activities in German hands: "The transfer of property included in the Special Economic Property is out of the question." Instead of such restoration of such property the Reich Commissioner was authorized to fix an indemnity if he desired. A further limitation imposed by the decree lay in the provision that even when the owner was reinstalled in his property he "may be obliged to appoint a third party

as works manager, to conclude rental, lease or other agreements, or in the matter of management and utilization, to submit to the dictates of a third party."

Thus the return of private property in the Baltic countries was not a whole-hearted recognition of the right of their natives to their private property and a return to pre-Soviet conditions. Germany accepted as law the acts of the Soviet government. What Zimmermann, Press Chief for the Ostland, said in 1942 remained the Nazi conception:

> As a point of departure the fact must be taken that, at the outbreak of the war, there was no private property in the East. No one may, thereafter lay claim to any legal title. The liberation has everywhere been carried out through the blood of German soldiers. If, therefore, the German Reich as the legal inheritor of the Soviet property, now endeavors to promote the idea of free scope to individual energy and responsible action, this should not be interpreted to mean a basis for a legal title.

Hence the return of property to the natives was conceived by the Germans not as a right but as a gift revocable at the donor's pleasure. That which was given back was given for reasons of political expediency -- to attract collaboration -- and was subordinated to the more important and far-reaching interests of the German economy. Not only were the natives permitted to resume merely minor economic activities, but their status remained a contingent one for the purpose of permitting scope for the contemporaneous resettlement of Volksdeutsche in Lithuania and for the future settlement of German soldiers after the war.

In older Soviet Territory -- i.e., White Ruthenia and the Ukraine -- there was no problem of re-privatization, and the Germans did not even have to make the gestures they enacted in the Baltic countries. Hence here the only steps toward private economy in the spheres of industry and trade were those allowing for German private initiative through the Eastern Trustee Companies and the patron firms, both of

which categories, as explained above, operated formally on the basis of contract rather than private property. The only German measures for the creation of a system of private property for the natives were in the field of agriculture, and even these were inspired by political reasons and remained within the framework of the exploitation of Russian agriculture by German enterprise for German interests. The Landbewirtschaftungsgesellschaft Ukraine was set up immediately after the assumption of authority by the civil administration to manage the State farms and to direct production in the collective farms and individual plots. In practice there was little difference between these two kinds of trustee administration undertaken by the company, and the measures to turn the collective farms into private property were of political effect only. On 15 February 1942 Reich Minister Rosenberg proclaimed his New Agrarian Order for occupied Russia. This outlined the German plan for re-instituting private property in agriculture. In accordance with this Order the Soviet kolkhoze became a Gemeinwirtschaft, which was essentially a kolkhoze with minor changes such as the enlargement of the peasants' private plots (Hofsteller)-- which also existed under the Soviet system -- to one hectare in 20 percent of the cases. However, the Gemeinwirtschaft was to be only a transitional form; it was to give place to either an agricultural co-operative (Landbaugenossenschaft) or to an individual farm (Einzelhof), according to the conditions of production. The Germans announced that in the north and center of the occupied East conditions were suited to individual exploitation and that in these areas the individual farm would be the common type of tenure, while in the more

extensive areas of the Ukraine and the areas east of it the co-operative would be necessary, since this was an area for large-scale agriculture. Thus both in the Baltic countries and in White Ruthenia the collective farms were dissolved in favor of individual farm-holdings. This was not of great effect in the former area, where the Soviet regime had not established collective farms to any great extent, but in White Ruthenia, where the dissolution of the kolkhozes began in April 1942, the Germans claimed that 120,000 farmsteads had been created from 1,400 dissolved collective farms. However, these White Russian farm lands were not made private property until the general decree of June 1943 (see below). In the Ukraine, however, the collective farms were turned into co-operatives rather than individual farms. The co-operative was called a new form of agricultural holding -- the synthesis of individual holdings with the use of mechanical means in a co-operative framework. The co-operative farm was to be limited to 1,000 to 1,500 hectares, with its farm land divided into 6, 8, or 10 fields (Fruchtfolgeschläge). (The forest and meadow land was not divided.) Every peasant was to be given his strip in each field -- totalling 4 to 8 hectares for his individual exploitation. Nevertheless, in this "individual" exploitation the peasant was bound by the general crop control for the whole co-operative, and the fields were worked by machines across and with the individual strips. After the sowing, the care of the crop and the harvesting of the strips were left to the peasants to whom they were assigned. The meadows and certain special crops were still farmed collectively. Moreover, the lack of tools and animals made individual care and harvesting usually impossible, and therefore transitional co-operative groups (Hofgruppen) on a smaller basis -- ten

plots -- were formed. The Germans insisted that this change from collective to co-operative farming would provide an important advantage for the peasants in the delivery system, that instead of collection of all crops save what was needed by the peasant, definite quotas would be levied upon the co-operatives, to be distributed equally among the peasants. Everything above the quota would thus go to the peasant and be a stimulus to individual initiative.

The change from collective to co-operative land tenure was to be carried through by Special Staffs (Sonderstäbe) led by Delegates (Beauftragten) charged with the execution of the New Agrarian Order. These staffs were to make precise surveys of all the collective farms in order to determine the distribution of land for individual use and in order to assure the maintenance of reserve land in each cooperative -- reserve of one Hofgruppe for peasants serving in Germany or in the Soviet Union and for new families, and reserve of 12 percent of the land of the co-operative available for leasing by the more efficient peasants and, according to some statements, destined for German soldiers after the war. The Germans pleaded that this task of planning for the transfer from collective farming took time and even the German figures show that it was carried out only to a limited extent. In the first year of the New Agrarian Order only 10.4 percent of the collective farms were, according to these estimates, turned into co-operatives. The goal for the year 1943 was projected at 30 percent, but there is no evidence of how much had been achieved before the advance of the Red Army scrapped all the German plans.

The final step in the introduction of private agricultural property in occupied Russia took the form of a Rosenberg decree in June 1943 which declared that the land previously

assigned for individual use now became the private property of the peasants assigned to it, provided that they were able to cultivate it efficiently. The decree explicitly included as subject to its provisions not only those peasants who were absent because of work or military service in Germany but also those serving in the Red Army, Soviet prisoners of war in Germany, and those evacuated into the Soviet Union. It is clear that this decree involved no reorganization of the system set up by the Germans in occupied Russia but rather simply gave legal status to the individual usufruct rights previously granted to peasants in the co-operatives and the few individual farms. The measure was of political rather than economic significance. It came at the same time as the Vlasov army was being propagandized, and constituted part of the appeal which the Germans were making to the Russian population over the head of the Soviet Government at a time when it became clear that Germany could not triumph through military means.

It is evident that the property changes introduced into the agricultural system in occupied Russia by the Germans had little effect upon the economic system. The state-farms remained Special Economic Property and remained under German administration -- either under the official Landbewirtschaftungsgesellschaft Ukraine or, according to reports, under Junker land-barons granted estates in occupied Russia in order to cement their alliance with the Nazi Party. Despite the partial change in land tenure by which collective farms were changed into co-operatives, the German agricultural administration was not essentially changed. The same company that managed the state farms administered the production of the co-operatives; moreover, the same company that was in charge of deliveries from state farms administered the delivery

system in general. Hence, despite the property distinctions between collectives and co-operatives, the German exploitation of Ukrainian agriculture remained uniform over the area.

c. Agriculture

The exploitation of the agricultural resources of the Occupied East, which represented the most urgent immediate interest of the Reich in the area, was placed characteristically in the hands of two enormous trustee companies. Despite some differences in the lower echelons of the agricultural administrative system as between the Baltic countries and the older Russian territories, the basic German structure was essentially similar for both regions. One company with two names -- Landbewirtschaftungsgesellschaft Ostland (LBGO) and Landbewirtschaftungsgesellschaft Ukraine (LBGU) -- formed in close union with, and as executive authority of, the territorial administration, and had charge of agricultural production. Another -- Zentralhandelsgesellschaft Ost für Absatz und Bedarf (ZO) -- was formed in close union with central Reich authorities, territorial administration, and German commercial enterprise, was entrusted with the key tasks of securing deliveries, supplying agricultural needs, providing trading facilities, and creating food-processing industries. The use of official corporations for these tasks testified to the German desire to construct a framework which would represent the government while yet including the forces of private German enterprise. These forces were to be utilized from the beginning in a subordinate capacity and drawn in increasingly under conditions set by the authorities. The link between production and delivery was provided by the territorial administration in conjunction

with the authorities of the Four Year Plan Office, and this severe planning resulted in the integration of trade into the agricultural system itself. The resultant system was not dissimilar to the union of production and marketing under the Reich Food Estate.

(1) Production

The Agricultural administration companies (Landbewirtschaftungsgesellschaften) in the Ostland (LBGO) and the Ukraine (LBGU) were official organs of the territorial administration charged with trustee administration of all nationalized estates and with supervision of agricultural production in general.

The Landbewirtschaftungsgesellschaft Ukraine furnishes the more complete picture of this type of agricultural administration since it was not restricted by the small-scale farming and previous private property regime as was the case in the Baltic countries. This company, founded by decree of the Reich Commissioner Ukraine on 3 April 1942, with its seat at Königsberg (seat of Reich Commissioner Koch's home Gau) and capitalized at 3 million RM, was built into the structure of the Reich Commissariat administration at every level of its organization. On the central level the company was divided into three organs: the Company Association (Gesellschaftsversammlung), the Administrative Board (Verwaltungsrat), and the Central Business Office (Zentralgeschäftsstelle). The Administrative Board was headed by the Leader of the Main Department of Food and Agriculture of the Reich Commissariat Ukraine (Regional Peasant Leader Körner), and was composed of agricultural specialists from the Reich and the Reich Commissariat. The Business Leader (Geschäftsführer) of the company was the Leader of the Department Production (Erzeugung) in the Main

Department Food and Agriculture of the Reich Commissariat. The Central Business Office was divided functionally into two Groups, corresponding to the two main functions of the company -- Agriculture and Administration. The Group Agriculture had charge of the economic (Betriebswirtschaftliche) direction, i.e., of agricultural production, in all the lands outside the Special Economic Property -- that is, in the collective farms, the agricultural co-operatives (Landbaugenossenschaften), and the individual farms (Einzelhöfe). The Group Administration was divided into four Main Departments, corresponding to the four kinds of Special Economic Property over which the company exercised direct trustee administration -- General Enterprises (allgemeine Betriebe), State Farms, Seed Selection Stations, Machine Tractor Stations. The regional units of the company were likewise in close union with the Commissarial administration. The company's District Offices (Bezirksstellen), competent for the area of a General District (Generalbezirk), were led by the Leader of the Main Department Food and Agriculture on the staff of the General Commissioner. Their Regional Offices (Gebietsstellen) were headed by the Gebietslandwirte, who were the heads of the Department Food and Agriculture on the staff of the Regional Commissioners. Their County Offices (Kreisstellen) were headed by the Kreislandwirte, who were the representatives of the Gebietslandwirte and attached to the native rayon administrations. Finally, the lowest level of the German agricultural administration was subordinate to the Kreislandwirte both in their capacity as members of the territorial administration and as agents of the Landbewirtschaftungsgesellschaft: these were the Stützpunktleiter for collective farms and co-operatives, and

the Oberleiter for State Farms. The Stützpunktleiter were competent for an area equal to the district of the Soviet Machine Tractor Station, which included several collective farms and/or co-operatives. The individual collective farm remained under a native Ukrainian Starost, who was responsible to the German Stützpunktleiter. Germans liked to point to the financial provisions of the company as an indication of its "official" status, since the cost of administration of the company was raised by a levy (Verwaltungskostenumlage) on the administered enterprises. However, since it was provided that the company was also entitled to the current income derived from the price differentials in the sale of the produced commodities, the Germans retained the full advantage of its corporative, as well as of its official, status.

In the Baltic countries, the existence of a native administration up to the General Commissarial level, together with the prevalence of individual farms restricted the administrative competence of the Landbewirtschaftungs-gesellschaft Ostland over the general sphere of agricultural production. This company, like that of the Ukraine, remained responsible not only for the management of State Farms, Machine Tractor Stations, and the undissolved collective farms, but also for the administration in trust of the whole landed property of the Ostland not formally returned as a private property to an owner. But it was not suitable for the direct control of production in the individual holdings. Hence, save for the management of the State Farms, the German agricultural organization was not subdivided below the country level (Kreislandwirte). The Kreislandwirte, representatives of the Gebietslandwirte who were attached to the staff of the Regional Commissioners,

did not administer directly, but rather supervised the native county agricultural offices. These offices used parish elders and honorary peasant leaders. They were themselves directly subordinated to the native national Councillor or Director for Agriculture, who, under the directives of the Department for Food and Agriculture on the staff of the General Commissioner, issued detailed orders concerning cultivation of crops. In September 1943 this administrative framework was supplemented by the creation of a corporative organization for agricultural production which was to include all farmers concerned with food production. This was the Main Union of the Food Economy (Hauptverband der Ernährungswirtschaft), organized on the Ostland level for the Baltic countries, with subordinate Agricultural Unions (Landwirtschaftliche Verbände) for each of the Baltic General Districts. The tasks of these Unions were "the mobilization of the produce potential," the improvement of agricultural yields, the expansions of stock breeding, and the use of rational working methods. These associations, evidently patterned after the German Bauernschaften, were built on the leadership principle and were so integrated into the framework of the puppet administration as to be an organ of the authorities. The chairmen of the unions were leaders of the native Departments of Agriculture on the national level, and their local representatives, the Kreisverbandsleiter, were simultaneously local managers of the organization and Peasant Leaders (Bauernführer). In addition, the influence of the native farmers in such a "self-administrative" organization was limited by the membership of German individuals or firms to which the Landbewirtschaftungsgesellschaft Ostland leased many of its special economic properties. The agricultural

enterprises established by such German enterprise (e.g., Pommersche Saatzucht G.m.b.H.) on the former State Farms or confiscated property were -- insofar as they were not given to Volksdeutsch resettlers in Lithuania -- officially designed as model or experimental farms.

(2) Deliveries and Agricultural Trade

It was characteristic of the complete official control of agriculture in the occupied East and of the destination of the bulk of its products to predetermined consumers -- the Wehrmacht and the German homeland -- that the same monopoly company established by the central authorities in the Reich for securing agricultural deliveries also administered the food-processing industries and the distribution of all agricultural products. The Zentralhandelsgesellschaft Ost m.b.H. (ZO) was established by the Delegate for the Four Year Plan at the beginning of the occupation, 17 July 1941, for the execution of these far-reaching tasks in both the areas of the occupied East under civil administration and the territories of the rear zone under the military Economic Staff East. The company, capitalized at 3 million RM had its seat at Berlin. The identity of the members of the company reveals how the exploitation of agriculture in the Occupied East was geared to the German economy, for they were all central Reich executive agencies. Four of the members were agricultural Reichsstellen, i.e., offices under the Reich Minister of Food and Agriculture with functions of controlling imports and establishing global quotas. They included the Reichsstelle for Corn, Fodder, and Other Agricultural Products, the Reichsstelle for Animals and Animal Products, the Reichsstelle for Milk, Milk Products, Oils, and Fats, and the Reichstelle for Eggs (later merged with the

Reichsstelle for Oils and Fats). Additional members were the German Seed Office (Saatgutstelle) and the Reichsgruppe for Trade (the corporative organization of German commercial enterprise). Thus the members of the company were a combination of offices of the Reich Ministry of Food and Agriculture and of the organization of German commerce. The Board of Directors was composed of representatives of these members and, in addition, of Commissioners of the Reich Economics Ministry, the Reich Finance Ministry, and of the Office for the Four Year Plan. The chairman of the Board was Euler, an official in both the Reich Ministry for the Occupied Eastern Territories and the Economic Staff East. This was consonant with the provision that the company receive its basic economic directives from these two agencies on all levels: from the Ministry and Economic Staff in Berlin through the Reich Commissioners and Economic Inspections, down to the General Commissioners and the Economic Commands. For the ZO had offices on all these levels. The Central Office was in Berlin; the Main Business Offices (Hauptgeschäftsstellen) were in Riga (for the Ostland and the Economic Inspectorate North), in Kiev (for the Ukraine), in Borrisov (for the Economic Inspectorate Center), and in Voroshilovsk (for the Economic Inspectorate South); and Business Offices were at the seat of every General District and Economic Command. Under these Business Offices, the ZO was further subdivided into field offices (Aussenstellen) at the seats of the Regional Commissariats and into branch offices (Nebenstellen or Rayonkontore) where necessary. The leaders of the field offices and branch offices co-operated closely with the Gebietslandwirte and the Kreislandwirte.

The ZO also had a functional division which corresponded to its four main tasks and which was repeated in the regional subdivisions down to the Business Offices:

Group I: Collection (i.e., delivery) of Agricultural Products
- Special Department (Fach Abteilung Corn and Fodder)
- Special Department Seeds (illegible)
- Special Department Wool, Cotton, Hemp and Flax
- Main Department Animals:
  - Special Department Cattle and Meat
  - Special Department Eggs and Fowl
- Special Department Fish
- Special Department Oil and Oil-Seeds
- Special Department Milk and Fat Economy
- Special Department Gardening Economy
- Special Department Sugar

Group II: Trustee Administration of Processing Enterprises
- Department for Trustee Administration
- Special Departments (Fachabteilungen) for:
  - Mills
  - Bread factories
  - Food factories
  - Soft drinks, breweries, distilleries
  - Meat fact ries
  - Fish cann. ng factories
  - Fowl warehouses (Geflügelkombinate)
  - Oil Mills
  - Margarine factories
  - Dairies
  - Fruit and vegetable preserve factories
  - Sugar factories

Group III. Supply of Agriculture with the Means of Production and of the Employees of the ZO and the Agricultural Leaders (Landwirtschaftsführer) with Finished Products, Auto Supplies, etc.

Group IV: Administration
- Department for Personnel, Organization, Supervision of Enterprises, Auditing, Reports
- Department for Trustee Administration
- Department for Legal Affairs
- Department for Financial Affairs
- Department for Central Bookkeeping
- Press office
- Main Post Office (Postleitstelle)

The focus of the whole delivery system was the Business Office at the seat of the General Commissioners. The ZO had, from this level down, made use of the Soviet organization. Thus the Leader of the Business Office works on the basis of the Soviet Sagot -- the collection

point for the Oblast. The Leader of the Special Department of the Business Office was at the same time the Director of the corresponding Sagot. The Sagots were subdivided into Points or Bases, and the Leaders of the Branch Offices (Bezirkskommissar) supervised several of these Points or Bases. The ZO Leaders used the old Soviet Purchase and Supply Offices (Bezugs- und Absatzkontore) for the supply of the local agricultural population with needed goods. In the sphere of the trustee administration of the processing industries, the ZO installed individual German specialists to manage individual enterprises as ZO officials.

German statements on the official character of the ZO always emphasized that it was not the definitive organization for the permanent exploitation of the occupied East, but that it was the "road-breaker" for private enterprise. By order of the Führer, no property under ZO administration could be turned over to any enterprise — German or native — as private property; the ground was that it must wait until the end of the war to enable the German soldiers to have their share in the spoils. But private German commercial enterprise was from the very beginning given a place in the scheme, and this place was expanded in the course of the occupation. This integration of private German enterprise was made, as a general rule, through the instrument of a contract with the ZO. In the Ukraine, however, the structure of the ZO was essentially changed by the founding, through a decree of the Reich Commissioner Ukraine around January 1943, of twelve trustee companies which assumed all the functions of the ZO in the Reich Commissariat Ukraine. These companies were capitalized at 100,000 RM each, had their seat at Kiev, and were all under the same manager, Martin Knaut of Königsberg. In this new system each trustee limited-liability company became responsible for one of the branches

of agriculture or processing industry previously constituting a department of the ZO. Thus the twelve companies included corporations for garden products and potatoes, eggs and poultry, grain, cattle, milk and fats, sugar, and textile fibres were in the sphere of delivery; grain processing, drinks, and meat processing were in the sphere of processing industry; and a Supply and Purchase Company (Ukrainische Bezugs- und Absatz Zentrale G.m.b.H) for the collection of many products and the supply of the native population and the German administrators and employees with needed goods and the operation of the premium system. This involved a change in the names of the regional ZO offices, but not of personnel. The Main Business Office of the ZO in Kiev became the Central Office of the various companies, and the various departments of the Business Offices were taken over by the companies as branches (Filiale). The Department Leaders of the Business Offices became Directors of the Branch (Filialdirektoren).

Even these companies were on an official trustee basis, however, and the real integration of private German enterprise into the administration came through the employment of private firms (Einsatzfirmen) on the basis of contract with the ZO. The first sphere of economic life to be turned over to private German enterprise was the processing industries. On 25 September 1941, the Delegate for the Four Year Plan directed the ZO to institute Reichsdeutsche enterprises in the meat-processing factories and this was subsequently extended to the larger factories of all the processing industries over which the ZO had control. In the summer of 1942 the field of agricultural collection was likewise opened to German commercial enterprise (Landhandel). This came about through an agreement between the ZO and the

Reich Occupational Group for Corn, Fodder, and Fertilizer Merchants (Reichsfachschaft der Getreide-, Futter-, und Düngemittelkaufleute), German agricultural trading firms were to be allowed to work in the Ukraine within the framework of the ZO. The firms had to join either the ZO or the Reichsfachschaft. These firms managed deliveries either for a particular branch of agriculture with a General District (area of a ZO Business Office) or for all agricultural products within a county (rayon). The Einsatzfirm took over the county collection point and warehouse from the ZO as well as the local supply and purchase offices (Kontore and Dorfstellen). The former administered for the Ukrainische Getreide Zentrale, and the latter for the Roh- und Absatz Zentrale (both daughter companies of the ZO). The Einsatzfirm was subordinate to the directions of the Gebietslandwirt and co-operated closely with the Kreislandwirte and the Stützpunktleiter.

The activity of private German enterprise took place not on the basis of a grant of private property but rather through the grant of concessions founded on a contract (Einsatzvertrag) with the ZO. The selection of firms to work in the Occupied East was made in the first place by Reich corporative organizations like the Reichsgruppe for Trade and the Reich Food Estate, and in the second place by the ZO. But ultimately it had to be approved by the authorities of the territorial civil and military administration (General Commissioner and Economic Inspectors), who officially instituted the firms. The firms took over the ZO officials in charge of the larger processing enterprises and the Leaders of the Collection Departments in the Business Office; these officials could be kept on as members of the Einsatzfirm or replaced and transferred

elsewhere by the ZO. The basic provisions of the contract with the German firms were worked out by the Department for Trustee Administration of the ZO. These contracts generally established that the firm worked on the account of and in the name of the ZO. The firm was a member of the ZO community (Betriebsgemeinschaft) and therefore had to perform its functions under the basic directives of the ZO in the same way as its regular officials. Responsibility was given to the firm for the technical and commercial management of the enterprise entrusted to it. Within this framework, the firm worked on its own and had full responsibility. It appointed a plant manager (Betriebsführer) or branch director, who administered his functions on the spot. Since the firms acted for the ZO, the costs of their work in the East were reimbursed to them by the ZO. Moreover, no capital outlay was necessary, and the capital for their activities was supplied to them by the official banking system in the Occupied East. This provision did away with the element of risk in the activities of the German firms. The arrangement made impossible the usual collection of profit on investment characteristic of a free economy and caused the compensation to be fixed at a certain level in each individual contract. Nevertheless the fact that this compensation was fixed in accordance with "the greatness of the task" gave the same kind of advantage to large-scale enterprise as under a complete capitalist system. Additional compensation was paid for especially good performance, and the size of this was unlimited. The payments made to firms were charged to the administered enterprise or to the organization in whose sphere the firm acted. To spur on German private initiative the German authorities promised that, although there could be no question of awarding the administered enterprises as private property during the war, the performance

of the Einsatzfirmen would not be forgotten when the time for such distribution came.

This was the organization set up to secure the delivery of agricultural products and their processing in the occupied East. The process of collection varied according to the area. In the Ukraine and the other old Russian areas under military administration the process of collection was through the seizure of all products in exchange for wages on the collective farms and the establishment of the quota system for co-operative and individual farms. Payment for crops was made in cash to the individual farmers, but the deliveries by the Einsatzfirmen and the branches of the trustee companies were credited to them through a checking system. However, great efforts were made to persuade the delivery of crops above the quota level through the institution of a premium system for the native population. In general, the premiums were not in the form of cash payments, but rather in the form of consumption goods. In this respect the position of the supply and purchase offices in the old Russian areas was a powerful lever. Built on the basis of the old Soviet co-operatives, they had a monopolistic supply position and the trustee or Einsatzfirm administering them was instructed to make the distribution of needed consumption goods to the natives dependent in large part on the premium system -- that is, upon the delivery of crops above the requirements of the quotas. The Germans reorganized this co-operative system itself to function in the service of this German economic structure. They founded an All-Ukrainian Co-operative Society (Allukrainische Genossenschafts-kooperative), which was subdivided into seventeen District Co-operatives (Bezirksgenossenschaften), engaged primarily

in the buying and selling of the goods of its members. The Nazis claimed that this structure was modelled after the German co-operative system.

In the Baltic territories this delivery system was modified by the widespread system of individual farm-holdings and by the continued existence of institutions of a private property character in the agriculture sphere. Thus while the ZO exercised general direction over deliveries in the Baltic territories, the actual execution of the tasks of collection lay with native agencies. Detailed orders giving quotas of goods to be delivered were issued by the German General Commissioners, but actual responsibility for fulfillment of the norms was placed upon the local heads of the native self-administration. Thus the communal elder (Gemeindeältesto) was responsible to the native County Agricultural Office for compliance with the quota requirements. Moreover, the Elder and two native advisers constituted an Assessment Committee which distributed the requirements of the German administration among the individual farmers of his area. In cases of non-compliance the Elder was empowered to exact the norms through confiscation and to enforce this confiscation through the employment of police assistance. In addition, those who did not comply voluntarily with the imposed quotas were not considered in the re-privatization of their land, and if property rights had already been awarded to them these were subject to cancellation. Actual deliveries were made through a native co-operative system subordinate both to the Commissariat authorities and the Business Offices of the ZO. This system was placed under strict German control through the establishment of a Co-operative Association Ostland, headed by a German appointee, to which the three national co-operatives

of the Baltic countries had to belong. Each national co-operative included not only the agricultural but also industrial and commercial co-operatives. Thus the tasks of the co-operatives corresponded to those of the regional branches of the ZO in the older Russian territories in the fields of collection of agricultural products and the supplying of the farm population with needed goods.

d. Timber

In the first stages of the military and civil administration in the occupied East, the provisions for the exploitation of the wood economy occupied a subordinate place within the general economic organization. Thus a Special Group (Sondergruppe) Wood and Forests was set up under the Main Group Trade and Industry (gewerbliche Wirtschaft). Later, however, the realization of the lack of coal and iron in the East increased the importance of wood, and consequently its administration was raised to the status of a Main Group both in the military economic sector (the Economic Staff East and its Economic Inspections) and in the civil (Reich Ministry of the Occupied Eastern Territories). In addition, each Economic Command had its Technical Group (Fachgruppe) for Forest and Wood Economy, while the Reich and General Commissioners in the Ostland had a Department for Forest and Wood Economy, and the Reich and General Commissioners in the Ukraine a Main Department for the same. This territorial administration of the exploitation of timber in the occupied East was integrated into the German economy by the establishment of a liaison section (Generalreferat) for the Occupied Eastern Territories in the Reich Forestry (Reichsforstamt), which was under Göring.

Within the territories themselves, the problem of

manpower prevented the establishment of an elaborate administrative system. Hence, aside from the establishment of supervisory leadership staffs for forest and wood economy within the offices of the territorial administration, the actual tasks of management and exploitation were left to natives and to private initiative. In the Baltic countries, the Regional Forest Directorates which had existed before the Soviet occupation were revived immediately by the Germans for forest administration under native personnel, while even in the old Russian areas natives were entrusted with the tasks of forest service up to the rank of Leader of Forestry Offices (Forstamtsleiter). The tasks of actual wood production were then left to private German firms which were introduced in the territories on the usual industrial basis of trustee or patron firms and organized within the general industrial corporate organizations.

This administrative scheme fitted the German conception of the purpose of the forest timber administration in the occupied East. Thus German statements did not include forest preservation among the tasks of the offices but limited their tasks to wholly economic functions: supply of logs, production of cut timber, the sponsorship of plywood works and timber by-products.

c. Industry and Trade

German economic exploitation of the Occupied East as a colonial area meant the placing of emphasis on the acquisition, processing, and transportation of raw materials rather than on industrial development proper. Thus in case of textiles the Germans bluntly announced that it was their policy to ship the raw material home to be finished by the industries within the Reich rather than to build a complete industrial structure in the occupied East.

The result of this policy was the entrusting of the basic tasks of acquisition, preliminary processing, and trade in the required raw materials to a series of official monopoly companies (Ostgesellschaften), created by the joint action of central Reich planning authorities and the corporate organizations of German enterprise. These companies worked in the territories as agents of the territorial administration in fulfillment of the plans of the central Reich agencies. Into this structure individual German firms were integrated for the carrying out of officially determined tasks in the spheres of industry and trade. Hence German trade and industry acted as agents of the government authorities and worked under three kinds of controlling organizations: first, the corporate organizations of German economy within the Reich (themselves under the directives of central Reich agencies); second, the corporate organizations of German economy within the Occupied Eastern Territories, acting as organs of the territorial administration; third, the monopoly companies, which united the authority of the central Reich agencies, the Reich corporate organizations, and the territorial government.

The following Reich agencies had departments and offices concerned with the occupied East:

a. The Reich Ministry for Armaments and Munitions and War Economy and Armaments Office of the OKW were represented in the occupied East by the Armament Inspections and Armament Commands. These regional offices represented the change from the military Economic Inspections and Commands when the Ostland and the Ukraine were transferred to civil administration. In the German economic reorganization in the spring of 1942 the functional jurisdiction over these offices was transferred from the OKW to Speer, although

administratively they remained under the former. As already indicated, the basic Führer decree creating the administrative organization of the occupied East granted to Speer the same functions in these territories as he exercised within the Reich.

b. The same decree extended the powers of the Delegate for the Four Year Plan to the occupied East in order that he might direct the exploitation of the area for the benefit of the German war economy. In the early stages of the occupation Generalleutnant Witting, General Inspector for the Acquisition and Use of Raw Materials in the Occupied Eastern Territories, was a Special Delegate in the Office of the Four Year Plan. He appears to have been transferred by early 1942 to the War Economy and Armaments Office of the OKW, while the controls of the Office of the Four Year Plan over raw materials in the occupied East were vested in the monopoly companies which the Office helped to found. The various delegates within the Office for the Four Year Plan appear to have had special sections to deal with the occupied East. At least one, the Plenipotentiary for Motor Transportation, had a Main Department East.

c. The Reich Ministry of Economics participated in the founding and supervision of several of the monopoly companies and had a Main Department VI concerned with economic questions of the newly occupied Eastern territories. The leader of this department was at the same time leader of the Main Group Economic-Political Co-operation in the Reich Ministry of the Occupied Eastern Territories. With this personal identity guaranteeing the co-operation of the territorial Ministry with the Reich Economic Ministry, the former proceeded to exercise the administrative functions of the latter in the Occupied East. Thus in the extension of

the Führer Decree for the Protection of the Armaments Economy to the Occupied East, the Reich Minister for the Occupied Eastern Territories was given the powers exercised by the Economics Minister for the Reich.

The corporate organizations of German industry and trade in the Reich likewise developed bodies to stimulate and supervise the work of German enterprise in the occupied East. Trade had a different organizational pattern from industry both because private trade was permitted before private industry and because the tasks of the trading firms were homogeneous as contrasted with the various branches of industry. Commercial firms were introduced first into the trustee framework of the occupied East inasmuch as it was essential to get the various raw materials to the primary consumers -- i.e., the Wehrmacht and the Reich. Hence central direction from the Reich Group for Trade over the firms in the area was established early in the occupation through the creation of an Eastern Advisory Section (Ostreferat) within the Reichsgruppe. For industry, Eastern Committees (Ostausschüsse) were formed within several Technical Groups (Fachgruppen) and Economic Groups (Wirtschaftsgruppen) as the need arose, i.e., after September 1942, when private German industrial firms were first permitted to work in the occupied East. The groups concerned were generally those working directly upon raw materials. Thus the first Eastern Committees were formed in the Technical Groups within the Economic Groups for Stone and Clay, Glass, Ceramics. These committees were then represented in a joint Industrial Committee East (Industrieausschuss Ost), of the three Economic Groups concerned. These organs of the German corporate organizations were not strictly schematized, and those industries which were not urgently needed in the East appointed Eastern

Sections or delegates (Vertrauensmänner) to represent the interests of the group with one of the organizations existing for the exploitation for the East. Thus the Economic Group Motor Vehicle Industry had a delegate at the office of the Commissioner for Motor Transportation (within the Office of the Four Year Plan), while the Economic Group for Paper had an Eastern Delegate with the Eastern monopoly company for textiles, Ostfaser GmbH. The chairmen of the Eastern Committees and the Delegates were always leading industrialists of the industry concerned. Their appointment was proposed by the Leaders of the respective Economic Groups and made formally by the Reich Minister of Economics in agreement with the Reich Minister for the Occupied Eastern Territories and the Chief of the Economic Staff East. The function of these Eastern Committees and Delegates was to recruit managers and firms for the corresponding industries in the occupied East, to arrange for supplies to these firms, and to represent their interests with the highest Reich authorities.

In addition, certain bodies of the regional corporate organization within Germany formed offices to represent the interests of both industry and trade in their districts for the exploitation of the occupied East. Thus in 1942 the Hamburg Chamber of Industry and Trade set up an Office for Eastern Questions in order to represent the interests of Hamburg enterprises with the administrative offices competent for the occupied East and to direct the energies of the enterprises previously oriented overseas to the new Eastern colonial region. When in 1943 the Chambers of Industry and Commerce were changed into Gau Economic Chambers this function was presumably continued in the new agencies.

The instrument through which the central Reich authorities, the Reich corporate organizations of German economy, and the territorial administration of the occupied East co-operated in the economic exploitation of the area was the giant monopoly companies which had been founded by the co-operation of the corporate organizations and the central Reich authorities and which worked in the territories as trustees for the territorial administration. These companies were of two types: one type was responsible for the acquisition, processing, and trade in certain industrial raw materials, while the other was charged with administration and supervision of the general commercial functions involved in the distribution of all kinds of commodities to and from the occupied East. These trustee companies were granted by the Reich authorities monopolies of functions in certain fields of industry and trade as well as the administration in trust of remaining installations in that field. The companies were officially proclaimed to embody the union of state leadership and private initiative in one hand.

The founding and operation of the trustee companies illustrate this idea of union of state and private enterprise. Among the industrial trustee companies the following exemplified the actual implementation of this idea:

(1) Ost-Faser GmbH, with its headquarters in Berlin, was initiated by a proposal of Göring and founded in August 1941 by the Economic Groups for Textile Industry, Wholesale and Foreign Trade, Cellulose and Paper, and the ZO. The Economic Group Clothing Industry was later added to the members. Its functions were the acquisition and distribution of cotton, flax, hemp, wool, and other textile raw materials; the trustee administration of textile and paper enterprises in the occupied East; and advice in the management of the finished textiles and paper economy. The chairman of the

board of the company was Dr. Dorn, leader (Reichsbeauftragter) of a Reichsstelle within Germany.

(2) Berg- und Hüttenwerk G.m.b.H, located in Berlin, was founded by the Reich, the Economic Groups for Mining, for Foundries, and for Wholesale and Foreign Trade. It operated under the supervision of the Reich Ministry of Economics and under the directives issued for it by the Delegate of the Four Year Plan. The managing director was Paul Pleiger, director of the Hermann Göring Works and Leader of the Reichsvereinigung for Coal.

While these two companies were the primary industrial trustees formed in Berlin, actual administration often took place through trustee companies formed for each Reich Commissariat. Thus the Ost-Faser G.m.b.H set up three daughter companies -- Ostland Faser G.m.b.H., Faserstoff Ukraine G.m.b.H., and Ukraine Faser-Industrie G.m.b.H. -- for the the execution of the tasks with which it had been charged.1/

1/ Thus some of the trustee companies established in Berlin for the entire Occupied East had daughter companies for each Reich Commissariat, while others exercised the administration in both Reich Commissariats directly from Berlin. Examples of the latter type were the Berg- und Hüttenwerk Ost G.m.b.H (for mining) and the Ostschuh G.m.b.H. (established as a Gemeinschaftswerk of the German shoe industry for the occupied East, including 80 German shoe manufacturing firms as members and governed by an Administrative Board composed of representatives of the Reich Economic Ministry, the Reich Minister for the Occupied Eastern Territories, the Reich Protector, the Reich Commissioners for the Ostland and the Ukraine, the Eastern Committee of the Economic Group Leather Industry, the Gemeinschaft for Shoes, and the Economic Group Leather Industry proper). Examples of the Berlin trustee companies which did establish daughter companies in each Reich Commissariat for the execution of their functions were, in addition to Ost-Faser G.m.b.H., Kautschukverarbeitungsgesellschaft Ost m.b.H. and its daughter companies: Ostland Kautschukverarbeitungsgesellschaft m.b.H. and the Ukraine Kautschukgesellschaft m.b.H.

Other companies were established immediately upon a Reich Commissarial basis. These worked under the respective Reich Commissioners for the trustee administration and the operation of the industrial Special Economic Property. Thus it came about that all spheres of industrial raw materials were covered by a network of individual trustees or trustee companies.1/ In addition to the Special Economic Property, there was another type of state-owned economic property which came under trustee administration. By a decree of 3 December 1942, the Reich Minister for the Occupied Eastern Territories, in conjunction with the Delegate for the Four Year Plan, established in each Reich Commissariat a General Sphere of Monopoly (Generaldirektur der Monopole). It had a General Director to administer all property and enterprises which existed or were to be set up as state monopolies, and to operate them for the production and trade of the products concerned. The General Director was appointed by the Reich Minister for the Occupied Eastern Territories and was subordinated to the respective Reich Commissioner in his operations. The General Director was empowered to turn over the property to German enterprise for trustee operation. 2/ Such monopolies were actually set up

1/ Examples of such Reich Commissarial trustee companies for whom no Berlin central companies existed were, for the Ostland as follows: Erfassungsgesellschaft Ostland für Häute, Felle und verwandte Gebiete m.b.H. (skins and pelts), Ostland-Gesellschaft m.b.H. (management of industrial undertakings in general), Baltische Oel G.m.b.H. (partly owned by I.G. Farben, superseded the Ostland Oel-Vertriebe G.m.b.H.). For the Ukraine: Erfassungsgesellschaft für Häute, Felle, und verwandte Gebiete m.b.H., Ukraine Erfassungsgesellschaft für Kunsthaaren m.b.H. (furs), Säge und Sperrholzindustrie Ukraine G.m.b.H. (sawmills and plywood industry), Ukraine Stahl G.m.b.H. (iron, steel, metal industries), Ukraine Lederindustrie G.m.b.H. (leather), Ukraine Gesellschaft zur Erfassung und Verwertung von Alt- und Abfallstoffen m.b.H. (collection and use of waste and scrap material), Kohlen-Zentor Donez Ukraine G.m.b.H. (coal).

2/ Thus the Tabakindustrie Ostland G.m.b.H. was set up for the trustee administration of one of the General Spheres of monopoly in tobacco, and the Tabakanbau Ukraine G.m.b.H., Tabakwerke Ukraine G.m.b.H., and Tabakhandel Ukraine G.m.b.H. for the other.

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only for spirits and tobacco.

While the industrial trustee companies were responsible for the supply of basic production goods (machines, tools, etc., for the particular industry) and for the distribution of their products to the proper quota bearers, whole branches in the fields of both wholesale and retail trade -- particularly in the spheres of finished production goods and of manufactured consumers' goods -- were left uncovered in this industrial trustee system. Hence special trustee companies had to be established in the field of general commerce to minister to the general supply needs of the German forces in the occupied East in consonance with the planned German economy. In industry the trustee companies were the first in the field since there was the existing capital of industrial installations which they could administer directly. In the sphere of commerce, however, private enterprise was instituted first and followed later by trustee companies, since in this field there was no existing capital to be administered. Hence trade facilities had to be built up from the ground and this required the immediate employment of private German trading firms. The trustee framework of this use of private German enterprise was then built up gradually. The first stage in the control of the German trading enterprises was furnished simply by the Eastern Section (Ostreferat) of the Reich Group Trade in conjunction with the Trade Section (Handelsreferat) of the Reich Ministry for the Occupied Eastern Territories. The second stage was the establishment, by the Economic Group for Wholesale and Foreign Trade, of three promotion companies to take over the functions of controlling and encouraging the German trading firms which were made members of these promotion companies. These companies were the Ein- und Verkaufskontor Deutscher Handelsunternehmen Ostland G.m.b.H., the Förderungsgesellschaft Deutscher Handelsunternehmen Weissruthenien G.m.b.H., and the Förderungsgesellschaft

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deutscher Handelsunternehmen Ukraine G.m.b.H. In November 1942 the first two were merged into a single Förderungsgesellschaft deutscher Handelsunternehmen Ostland G.m.b.H. The third stage was the supplementation of this general supervision by the establishment of a working trustee framework to control the operations of the German commercial firms in the East. On 3 September 1942 the Reich Group Trade and the Central Economic Bank of the Ukraine (see below chapter E,2) founded the Versorgungswerk Ukraine G.m.b.H., charged with the general responsibility for wholesale, import, and export trade in the Ukraine. It was to carry out this task through the use of private German trading firms, and such firms already working in the Ukraine were combined in and subordinated to the new trustee company. On 2 November 1942 this structure was brought within a still larger framework set up for the whole occupied East through the creation by Göring of the Wirtschaftseinsatz Ost G.m.b.H. at Berlin. The purpose of the establishment of the company was to mobilize all German commerce active in the occupied East for the supply of the war economy there in consonance with the over-all German economic planning. The tasks of the company were as follows:

(1) The supply of all working forces in the occupied East active in the German interest, including the members of the Eastern companies (trustee companies), with consumers' goods of all kinds.

(2) The harmonization of the planning of requirements with the planning of the production of consumers' goods by the Eastern companies.

(3) The taking over of the production of consumers' goods from the enterprises of the Eastern companies and the mobilization of all possibilities for the manufacture of

consumers' goods outside the framework of the Eastern companies.

(4) The procurement of consumers' goods from the Reich, the occupied territories, and abroad.

(5) Co-operation in the transfer of necessary consumers' goods industries into the framework of the Eastern companies.

(6) Direction of foreign trade of all kinds (general compensation trade of all kinds, and import and export trade for the Eastern companies).

(7) The supply of industry and handicraft with means of production (including raw materials and semi-finished products).

(8) Collection and marketing of scrap material.

Thus the new company exercised the function of organizing trade in the occupied East for the supply of the forces engaged in German war production and of mobilizing the flow of consumption goods in a way that would entail the least strain upon the production of the Reich. For the execution of these tasks the company was on principle to use private German commercial enterprise and was to establish its own branch offices only in exceptional cases. The chairman of the administrative board of the company, appointed by the Reich Minister of Economics, was SS-Brigadeführer Franz Hayler, at that time head of the Reich Group Trade. 1/

The operations of German commercial enterprise in the occupied East was thereby placed on the basis of contracts with the trustee companies, Wirtschaftseinsatz Ost and Versorgungswerk Ukraine. Almost the entire area of wholesale

1/ In September 1943 Hayler left his post as Leader of the Reich Group Trade to become Secretary of State in the Reich Ministry of Economics.

and retail trade for Germans in the occupied East was reserved for the exclusive activity of German firms. Hence retail trade was divided between the German shops (deutsche Läden) set up for the supply of Germans and the native retail shops for the indigenous inhabitants (private retail shops in the Baltic countries and communal shops in the other parts of occupied Soviet territory). Wholesale trade included the supply of both consumption and production goods. The fact that a network of private commerce remained in the Baltic countries but no longer existed in the other occupied Eastern areas resulted in the establishment of two different wholesale trade structures. In the Baltic countries German commercial firms were instituted on a functional basis: they were firms specializing in a particular branch of trade and they were permitted to trade in their special products throughout all three Baltic General Districts. In addition, a few native wholesale trading firms were permitted to operate, as were also partnerships owned jointly by Germans and natives. In White Ruthenia and the Ukraine, on the other hand, wholesale trade was reserved entirely for German firms and these were instituted in general on a geographical basis. These were the District Firms (Bezirksfirmen), which were granted general trading rights for a specified area. Thus the Reich Commissariat Ukraine was divided into fourteen such districts, with one trading firm attached to each. In the selection of such general commercial companies preference was given to firms with experience in commercial activity in undeveloped colonial areas, and among these priority was given to those -- especially from Hamburg and Bremen -- which had lost their overseas connections because of the war. However, some specialized trading firms were also instituted for trade in

certain products for the whole Reich Commissariat Ukraine. Many of the largest German industries set up such specialized trading subsidiaries for their production goods throughout the Ostland and the Ukraine. Krupp, Siemens, Mannesmann, IG Farben, and Hermann Göring Works all established such subsidiaries to see to the investment of their capital goods in the new colonial area.

The institution of private German enterprise took place later in the industrial than in the commercial field. Industrial enterprises were at first operated either by individual trustees acting in behalf of, and appointed by, the Commissarial authorities, or by members of an industrial monopoly trustee company charged with the respective branch of industry. Not until September 1942 was it decided to supplement the system of trustee companies, which, according to the official conception, combined state direction and private initiative, with a system based on the employment of private German industrial enterprise proper. This system was established with the evident intentions of buying the support of German industry for the Nazi Eastern policy and of expanding the industrial supply base of the German Eastern Armies in a stabilized rear zone for a long war. The system was based on the institution of the "patron firm." This was to be a German industrial firm to which enterprises in the same line of industry in the occupied East were to be turned over on the basis of a trusteeship by agreement with the Trustee Administrations of the respective Reich Commissariats or with the official trustee monopoly companies. The German patron firm was to put works managers, technical staffs, machines, tools, and other needed materials, and its whole industrial experience at the disposal of the Eastern factories. In the first or trustee stage of this system of

private enterprise the German firms worked in exchange for an "adequate compensation," but after they had proved their efficiency they were permitted to lease the establishments concerned. Neither legally nor economically was the managed enterprise considered part of the sponsor's home firm. The question of turning Eastern industries over to private enterprise as private property was deferred to the end of the war -- officially, in order to give the soldiers their chance in the East, but actually in order to maintain the power of the state administration in the control of war production. However, as in the case of agricultural enterprises, efficient operation was promised preference in the post-war decisions on re-privatization. The selection of the firms was in the hands of the Eastern committees of the various Technical and Economic Groups of the German corporate organization of industry. The great German industrial firms shared in this as well as in the commercial aspect of the exploitation. Thus Siemens, Mannesmann, Hermann Göring Works, and the DAF were among the patron firms for industries in the occupied East.

The combination of Reich official agencies with the German corporate organization of industry and trade for the central direction of the exploitation of the occupied East was paralleled by a similar co-operation of official agency and corporate organization for the control of economic operations within the occupied territory itself. This division of authority within the Reich Commissariats was so designed that general policy direction lay with the territorial administration while execution of policies was entrusted to the corporate organizations under official supervision. Co-operation was assured by the device of personal identity between the leaders of the corporate bodies

and the officials of the economic departments in the Reich Commissariats.

The corporate organizations of industry and trade in the Occupied East differed from the Reich Commissariat because of the varying nature of the private property basis and because the regional subdivisions such as the General District had greater importance in the Ostland than in the Ukraine. Thus whereas both Reich Commissariats had functional corporate organizations of industry covering the whole area of the Ostland and the whole area of the Ukraine, the Baltic General Districts had in addition a regional corporate structure of industry and trade. This structure represented a German re-organization of institutions existing from the days of the independent Baltic states and was aimed at the control of those enterprises in small industry, trade, and handicraft which had been re-privatized. In general, the German organization of institutions of economic self-administration in the occupied East was modelled after the pattern existing in Germany. This model was chosen because the permanent German designs upon the area, together with the dominant place of German enterprise in the economy of the occupied East, made uniformity of economic organization essential.

In the Ukraine, where the previous economic structure had entirely disappeared when the Germans moved in, economic corporate organization took as its model the Nazi ideal of corporate control. There were established Economic Associations (Wirtschaftsvereinigungen), patterned after the Reich Associations (Reichsvereinigungen). These were corporate bodies created to combine the functions of the cartel and the industrial functional organization. Thus furnished with complete control over production and marketing, it fitted precisely the basic economic instrument created by the Germans

for the Ukraine -- the industrial trustee company -- whose competence likewise extended over both production and marketing within its particular industrial sphere. The Economic Associations were established by decree of the Reich Commissioner Ukraine in the fall of 1942, that is, at roughly the same time as German private industrial firms were permitted to operate in the area. They were obviously designed as the instrument for the executive organization and control of these firms. Thus they were considered as an executive extension of the Reich Commissarial administration. They were supervised by the Department Industry and Trade in the Main Department Economy of the Reich Commissariat; their Leaders 1/ were appointed and removed by the Reich Commissioner and were, ex officio, members of the Reich Commissarial administration. The Associations worked in accordance with directives from the Reich Commissioner. At the same time they represented a significant departure from the previous state administration, for while they were composed of trustee companies, these companies operated essentially on the basis of private rather than state economy. The official conception of the essential nature of the Associations was that they were not only the executors of governmental tasks (hoheitliche Aufgaben) but were also organs of self-administration. Thus an official announcement by the Reich Commissioner Ukraine to his Regional Commissioners explained that, with the creation of the Associations, industrial and commercial establishments, although still belonging to the Special Economic Property, no longer represented official administrative enterprises (Regiebetriebe) and that the Commissioners, although still maintaining their rights of supervision, were no longer the owners of the enterprises (Betriebsinhaber).

1/ The manager and board of each Association was appointed and dismissed by the Leader.

The Associations were organized functionally, and each functional Association was furnished with a Central Office in Rovno (seat of the Reich Commissioner) and with branch offices at the seat of each General Commissioner. Eight Associations were created -- six in the fall of 1942 and two in the spring of 1943 -- organized according to branches of industry and including every enterprise operating in those branches. The Associations were as follows:

(1) Association for Iron and Metal Processing, including all enterprises in the Ukraine engaged in steel, iron construction, machine construction, motor vehicle industry, aircraft industry, electro industry, precision industry, optical instruments, raw material processing, iron, sheet metal, metal goods, and related industries. Handicraft and commercial enterprises were included when the Reich Commissioner so decided.

(2) Association for Stone and Clay, including all enterprises engaged in stone, cement, lime, fire-proof, concrete, stone-processing, earthenware, gypsum, chalk, slate, kaolin industries.

(3) Association for Leather and Furs, including all enterprises that collect and store hides and furs of all kinds, all enterprises engaged in the production of leather, pelts, tanning materials, leather substitutes, bone, hairs, bristles, and related animal products.

(4) Association Glass and Ceramics, including all firms engaged in tubular and flat glass industry, glass-processing industry, ceramics industry.

(5) Association Wood Economy, including all enterprises engaged in wood-processing and trade.

(6) Association for Textile Economy, including all enterprises engaged in the collection and processing of the raw materials, cotton, flax, hemp, wool, animal hairs of all kinds, and the manufacture of cellulose, paper, and their by-products.

(7) Association for Mines, including all enterprises engaged in prospecting for, exploiting, and concentrating ore deposits.

(8) Association for Chemical Products, including all enterprises engaged in prospecting for, exploiting, and concentrating chemical deposits.

These Associations included as members the industrial monopoly trustee companies. They correlated their activities with the policy directives of the Reich Commissioner through their combined competence as an official executive body of the administration and as the exclusive organization of economic self-administration. Their functions lay in two fields:

(1) Direction and control of production: the Association allocated specific production tasks to its members within the framework of the general production plan; it planned, regulated, and supervised the supply of raw materials, machines, tools, fuel, and other means of production; it made proposals for new construction, expansion, amalgamation, and closing down of enterprises, and controlled the execution of such proposals; it took measures for the rationalization of production and made other changes for the raising of production and efficiency of its member enterprises; it concerned itself with the supply of labor and the training of skilled workers, and co-operated in the regulation of wages and working conditions; it proposed appointments and dismissals

of trustees to the Reich Commissioner; it encouraged and carried out research tasks and collected statistics; finally, it effected exchanges of experience among its members.

(2) Market control: the Association planned, regulated, and supervised the sale of the industrial products under its purview. It executed the market regulations, and, with the agreement of the Reich Commissioner, established prices and the conditions of delivery and of payment; it co-operated in the regulation of imports and exports.

All enterprises and combines (including trustee companies) with their seat or subsidiary in the Ukraine had to belong to the Association dealing with its branch of industry. They could be organized into special departments (Fachabteilungen) within the Association. The members were compelled by law to obey the orders of the Association and to furnish it with the information it demanded.

All that was lacking to this structure of functional Economic Associations was a central co-ordinating office, and this was created in April 1943 through the decree of the Reich Commissioner Ukraine which established an Administrative Board of the Economic Associations in the Ukraine (Verwaltungsstelle der Wirtschaftsvereinigungen in der Ukraine). The Board, subordinate to the directives and supervision of the Reich Commissioner, was charged with regulating the administrative affairs common to all the Associations. Thus it dealt with questions of the supply of personnel, wage and salary conditions, economic and social care of the employees, supplies, legal advice, and price formation. It maintained a central office for accounting, bookkeeping, statistics, and archives for all the Associations.

While the Associations covered most of the industries operated by the Germans in the Ukraine, certain key products remained apart from this organization, and, for at least two of these, special regulatory economic bodies were set up.

(1) In the spring of 1943 the Reich Commissar Ukraine created a Mineral Oil Office Ukraine (Mineralölstelle Ukraine), subject to his directives and supervision, and endowed with precisely the same functions as the Economic Associations. The Leader of the Department Industry and Trade in the Reich Commissarial administration was appointed Leader of this office.

(2) The Ukraine Rubber Ring (Ukraine Kautschuk Ring) performed the same functions in the field of the processing of raw and reclaimed rubber.

In the Ostland the same kind of functional corporate organization was created under a different name -- the Economic Unions (Wirtschaftsverbände). The basis of this creation was a Reich Commissarial decree of 15 June 1942 which established the power of the Reich Commissioner Ostland to unite enterprises and economic organizations into associations for the purpose of directing production, increasing production, and regulating markets. A supplementary decree of 19 August 1942 created six Economic Unions and projected the creation of three more. The Unions actually created were for all firms engaged in industry and commerce in iron and metal, leather, peat, ceramics, building materials, and glass. The Unions projected were for textiles, wood, and building. The official explanation of the new institutions was similar to that of the functional organizations in the Ukraine: the coming of private economy made state management of economic life unfeasible. The

Unions were provided with the same functions and occupied the same place in the Commissarial administration as the Associations in the Ukraine. There were only the two following exceptions to the organizational parallel:

(1) There was in each Union an inner and outer circle of members. The inner circle contained all enterprises primarily engaged in the production or wholesale trade in the commodities covered by the Union; these were subject to the Union in all phases of its activity. The outer circle contained firms which were not primarily concerned with the manufacture of the products covered by the Union, as well as the retail and handicraft concerns which were; these were subject to the Union only in its functions of market regulation.

(2) The Economic Unions were integrated into the regional corporate chambers of industry and trade. Thus the managers of the Economic Unions were attached as advisers to the central chamber for the Ostland, and the managers of the district offices of the Economic Unions to the Chamber of the respective General District in which they were located. Moreover, the central chamber took over the functions of central administrative board for the Unions: it controlled their finances, collected dues, and made decisions concerning the membership of firms in the Unions.

Whereas the functional organization of the economy was created primarily for the rationalization, direction, and control of German enterprise engaged in war production in key fields of industry, the establishment of a regional "self-administrative" economic organization in the Ostland was designed to bring the whole economy under the control of the German administration. When the Germans entered the

Baltic countries they found old chambers of industry and commerce still in existence, and they were forced to re-organize this structure in order to bring the remaining private economic enterprise within the framework of the German administration. Thus, in place of the traditional chambers, which, as in Lithuania, were divided into three main divisions -- administration, politics, and economy -- the Germans created a system of economic chambers with purely economic functions, working directly under the Commissarial authorities. This system was established under a Reich Commissarial decree of 29 November 1941, which created an Economic Chamber (Wirtschaftskammer) for the Ostland and an Economic Association (Wirtschaftsvereinigung) in each of the Baltic General Districts. It was amended and extended by the supplementary decree of 28 May 1942, which changed the names of the chambers to a Main Economic Chamber for the Ostland (Hauptwirtschaftskammer Ostland) and Economic Chambers for each of the Baltic General Districts. This change gave the three Economic Chambers an independent legal personality, but they remained subordinate to the Main Economic Chamber for technical and financial affairs. This structure of "self-administrative" organs was closely integrated into the Commissarial administration, for which they were to serve as executive agencies. Thus the Leader and Deputy Leader of the Main Economic Chamber were appointed by the Reich Commissioner, and the Leader and Deputy Leader of the Economic Chambers by the General Commissioners with the approval of the Reich Commissioner. Moreover, the Leaders were all Germans and members of the Commissarial Administration; e.g., Penso, Leader of the Economic Chamber Lithuania, was the Leader of the Main Department for Economic Affairs in that General Commissariat. The Main

Economic Chamber and the Economic Chambers operated under the direct control and supervision of the Reich and General Commissioners. Each of the Chambers was divided into Main Departments -- for industry, trade, handicraft, banking, insurance, and transport -- which acted as advisory bodies for the Commissarial authorities. Each Chamber was further subdivided into Regional Offices, located at the seat of the Regional Commissioner and aided by working committees of representatives of the economy. The formal attribution of functions to the Economic Chambers bears out the official executive nature of the system. These functions were proclaimed to be threefold:

(1) To fulfill the functions transferred to them by the Reich Commissioner and General Commissioner.

(2) To support, by means of proposals in the economic sphere, the Reich Commissioner and General Commissioners.

(3) To assist in the control of the enterprises of industry and trade and to encourage them in their economic development.

The tasks turned over to the Chambers by the Commissarial administration covered the whole range of the economy in certain general aspects common to all enterprises in a General District, such as rationalization of production, the control of commercial advertising, vocational training, accounting standards, taxation, customs, and legal affairs. Yet the focal point of their activity concerned those branches of economic activity which were not within the inner circle of the functional corporate organizations of industry (the Wirtschaftsverbände). Thus it was primarily the privatized native spheres of the economy which were under the control of the Economic Chambers -- small industry,

retail trade, and handicraft.1/ Thus the Chambers assisted the Commissioners in the process of re-privatization; it classified the enterprises concerned, and examined into the economic capacity and the legal rights of the claimants. The fact that the Economic Chambers were intensively publicized to the natives as the organs of economic self-administration in the Baltic countries indicated their orientation toward the control of native industry, trade, and handicraft in German interest.

The assumption by German firms of all the important economic activities, together with the lack of a private property basis and of a previous self-administrative institution in the economic sphere, prevented the formation of an Economic Chamber in the General District in White Ruthenia. Instead, the German administration created, in the latter part of 1942 a Working Committee of German Wholesale Firms (Arbeitsgemeinschaft der deutschen Grosshandelsfirmen), which was proclaimed to be the first step toward the establishment of a White Ruthenian Economic Chamber in the definite future. This Committee included all private German firms engaged in trade in White Ruthenia and exercised the functions of facilitating the exchange of goods among the different regions of the General District, of handling collective orders and deliveries, and of representing its members before the Commissarial authorities.

f. Handicraft

Like all other types of economic activity in the occupied East, handicraft was organized under German control to assure the direction of its production in German interests and according to German plans. In this sphere of economic

1/ Thus a uniform accounting plan which was to be instituted by the Economic Chambers was, by decree of the Reich Commissioner Ostland, not to be applied to enterprises under trustee administration.

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activity the various private property relationships in the Reich Commissariats constituted a decisive influence on its organization, and therefore the institution created varied characteristically from the Ukraine to the Baltic General Districts, with White Ruthenia occupying it; dual middle position between the two.

In the Ukraine, where handicraft had been collectivized into artels, native handicraftsmen were not permitted to establish independent enterprises, but rather were organized in their separate establishments under German handicraftsmen who occupied a dual position as members of the Commissarial administrative staff and as owners of the enterprises. The introduction of German handicraftsmen in the Ukraine took place according to an agreement of 10 September 1942 between Koch as Reich Commissioner Ukraine and Schramm, the Reich Handicraft Master. This agreement stipulated that German master craftsmen could submit applications for a post or enterprise in the Ukraine to their Handicraft Chamber (Handwerkskammer). After a check with the appropriate Party office for political reliability the application went through the Reich Estate of German Handicraft to the Reich Commissioner Ukraine, who distributed the craftsmen to General Districts according to need. Only craftsmen who worked in war-essential fields could apply. They could apply for work in either of two capacities -- as an independent plant manager (Betriebsführer) or as a trustee (Treuhänder) of the Commissarial administration operating a handicraft enterprise. In the former case, which included the establishment of branches in the Ukraine by Reich firms, the craftsmen had to bring their own equipment and to bear the risks of their enterprise; in the latter, the equipment of the trustees was refunded to them. In

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both cases, however, the German craftsmen had official duties in the office of the Regional Commissioner, usually in an advisory capacity for the problems of examination of native craftsmen and their vocational training. The German craftsmen in the office of the Regional Commissioner received the official title of Gebietsobermeister. In both cases credit was readily available through the Economic Banks of the Ukraine.

Native craftsmen worked in the handicraft industries under the German masters for wages and it was stated as a general rule that natives were not to be permitted to become independent craftsmen, except in extraordinary cases dictated by the lack of German personnel. As a means of counteracting this lack artels were actually continued in some cases, presumably under German leadership, in the form of collective enterprises (Gemeinschaftsbetriebe).

Even the Germans who took over handicraft enterprises as private entrepreneurs did not appear to have been given them as private property. As in the case of other property, the Germans claimed that they did not want to divide property before the German soldiers could get their share, and they promised that efficient craftsmen who transferred to the East for war-essential tasks would have a good chance of obtaining property and remaining there permanently.

In the Baltic countries, the situation differed from that in the Ukraine through the continued existence of independent handicraft and through the great quantitative role which handicraft played in Baltic industry, thereby making German control rather than German operation the appropriate method of organization. Thus the Reich Commissarial Decree of 17 October 1941 on the Reorganization of Handicrafts, Small Industry, and Retail Trade provided for the return of

those handicraft enterprises which had been organized in Soviet artels to private ownership, provided that the private enterprise was "economically sound" and the return was "in the public interest." This reservation gave the Germans an opportunity to keep closer control over the handicraft enterprises which were economically significant: those artels which were thus considered were not dissolved and transferred to private ownership, but were rather turned into co-operatives with the independent craftsmen receiving back their machines and tools and the other artel members receiving a cash indemnity. Although the members of these co-operatives had formal independence, yet they were under such detailed orders in the actual operation of their crafts that there was little difference between the old artel and the new co-operative. Moreover, most of the handicraftsmen, whether they had been organized into artels or not, were in co-operatives in the various branches of the crafts for each General District. These functional co-operatives were then joined in a Central Handicraft Co-operative for each Baltic General District. Above the working level represented by the co-operatives, the handicrafts were organized in the German interest through the structure established under the Department for Handicrafts in the Main Economic Chamber for the Ostland and in the Economic Chambers for the three Baltic General Districts. Within each General District regional Handicraft Unions (Handwerksvereine) were established, subject to the directives and supervision of the Handicraft Department in each Economic Chamber. Within each regional Handicraft Union, Technical Groups (Fachgruppen) were set up as needed for the various branches of handicraft industry, and delegates (Vertrauensmänner) were appointed in each commune. The members of the Technical Groups were subordinated to the elders of

the Technical Groups in the technical aspects of their work, but were directly under the regional Handicraft Union for everything else. These Unions and Groups so administered the handicraft co-operatives and the individual independent handicraftsmen that their work was directed in the German interest. Moreover, the hierarchy was so arranged that the German Commissarial administration kept control in its own hands. The chief of the Handicraft Department of the Economic Chamber in each General District was appointed by the General Commissioner in agreement with the Leader of the Main Economic Chamber for the Ostland, and the leaders of the Handicraft Unions were appointed by the Leader of the Economic Chamber in each General District, with the approval of the General Commissioner.

In White Ruthenia, a middle way between the policies adopted for the Ukraine and the Baltic countries was found in a wide-scale adaptation of the Soviet artel in the so-called Work Societies (Arbeitsgemeinschaften), in which, on the one hand, German craftsmen were not introduced as Betriebsführer, and on the other, the members were not considered as independent craftsmen.

g. Price Control

The principles of price control policy, as laid down by the Reich Minister for the Occupied Eastern Territories in 1943, furnish abundant proof of the exploitation of these areas as a Reich colony, and especially as a colony oriented toward the satisfaction of German war interests. The primary instrument of the German policy was the price-stop, which in general froze prices at those levels at which they stood before the occupation. The principle on which new prices and price rises were to be granted was that

prices and compensations for goods and services of any kind must be founded on the war economy. Price increases of primary importance for the economy required the approval of the Reich Minister for the Occupied Eastern Territories; other increases needed the consent of the respective Reich Commissioners. Their authorized offices could institute increases only when they were limited in time and place. These offices were the Main Department for Economic Affairs in the case of the Ukraine and in the case of the Baltic General Districts, both German and native Price Directors attached to the German Economic Departments and the native Economic Directorates respectively. The relationship between the German and native Price Directors was never made clear, since the price regulations enacted by the latter could in some cases be obligatory upon German firms. The problem, however, is not of great significance, since the punitive competence of the native Price Directors did not extend to the German firms and since in any event their price-fixing functions were limited to the execution of policies established by the German administration.

The reason behind the establishment of the price-stop on the pre-war basis was aside from the customary check to inflation, the fact that such prices were in general much cheaper than in the Reich and hence were more advantageous to German war agencies and war industries at those prices. Thus, prices for all goods in the occupied East (with the exception of the Baltic General Districts) could not exceed 45 percent of the prices permissible for comparable goods in the Reich, but deliveries to foreign countries were to be accounted at the same prices as would be demanded for similar goods from the Reich. Prices in the Baltic General Districts averaged about 60 percent of prices in the Reich. The setting of a higher price,

apparently customary in dealings with the Wehrmacht, was prohibited by Reich Ministerial decree. The freezing of prices at the pre-war level meant the maintenance of the Soviet sales tax, which could be reduced only by the Reich Commissioner and raised only with the approval of the Reich Minister for the Occupied Eastern Territories.

2. Financial Controls

The Occupied Eastern Territories were integrated into the German-dominated financial system of Europe. This was effected by the construction of a complete German banking organization into which native banks were fitted on a local level. In both Reich Commissariats German-controlled central and subsidiary note-issuing and general economic banks were created and subordinated directly to the Reich Commissioners. Formally the banking structure was territorial, established and supervised by the Reich Minister for the Occupied Eastern Territories and the Reich Commissioners for the Ostland and the Ukraine; similarly the projected currencies for both Reich Commissariats were territorial. Actually, however, the territorial authorities were simply the media through which the Reichsbank acted in its central direction of financial affairs. The banks of issue in the Reich Commissariats were modelled after the Reichsbank. The Reich Minister for the Occupied Territories in his supervisory capacity was required to consult with the President of the Reichsbank, and the banking institutions in the Occupied Eastern Territories had to be operated according to the directives of the Reichsbank. The territorial banks had liaison offices in Berlin; they used the services provided by the Reichsbank; and they were led by directors of the Reichsbank. The responsibility of the banks of the Reich Commissariats in the sphere of foreign exchange was negligible, since the Reichsbank still had control over this phase of financial activity. The situation in respect to currency was summed up in a German statement: "Past currency development shows unambiguously that it was not intended to create a uniform European currency, but the new European currency policy takes into account conditions prevailing in different regions. On the other hand, uniform conduct of the new currency policy in Europe by the German Reichsbank is unmistakable." Moreover, the new currencies in the Ostland and the Ukraine were based upon the reichsmark.

Central direction through territorial administration meant financial organization by and for Germany, but at the same time prevented the transplantation of German credit institutions in any large measure to the occupied East. Such transplantation did not take place because the construction of a total German economic organization under government sponsorship and control necessitated a simple, centrally directed financial structure which precluded the importation of Germany's complex banking system. Thus, by a decree of 18 June 1942 issued by the Reich Minister for the Occupied Eastern Territories, the Reich Commissioners for the Ostland and the Ukraine were authorized to assume financial guarantees for the promotion of economic development, "in view of the exceptional conditions prevailing at the moment in the Occupied Eastern Territories, where both private initiative and private capital cannot, unaided, contribute effectively to the development of trade and industry." The Reich Minister for the Occupied Eastern Territories, in agreement with the Reich Minister for Finance, was to determine the limits up to which guarantees should be given and the conditions for their issue.

The collaboration of various German agencies in pursuit of war aims extended to co-operation of Reichsbank and territorial executives with the military authorities. This co-operation was guaranteed in a decree of 1939 which set up the system of military banks for Poland (a system was used in the occupied East in 1941), since it provided for the establishment in Berlin of an Administrative Council of which the bulk of the members were to be appointed by the President of the Reichsbank and one each by the Reich Minister of Finance and the Reich Minister of Economics. Moreover, on the executive board of the head administration of the military banks, which was located in the occupied country, at least two members were to be named by this Administrative Council. Hence representatives of Reich civil agencies assisted the Economic Staff East in the creation of its banking arrangements. This enabled the financial structure set up by the Wehrmacht to continue in operation

long after the territories themselves had been turned over to civil administration, and also permitted them to be integrated easily into the civil pattern when the civil administration did take over the banks. It also enabled the military currency to continue as legal tender even after the creation of note-issuing banks by the civil administration. Moreover, in the Ostland, before the projected new currency has been issued, the whole civil banking system operated with military currency.

In finance, then, as in the other activities in the occupied East, the German administration can only be grasped if the elastic Nazi concept of administrative agency is comprehended. The agency was not an ad hoc institution, severely circumscribed in its nature; it was permitted to do all that the circumstances demanded, since through representation of central Reich authorities it achieved a unity with the center of power. A closer examination into the financial structure will show how this unity is worked out through various organizations in response to varying local conditions.

a. The Military Financial System

(1) Banking

The military financial organization used in the Occupied Eastern Territories was the same as was set up in September 1939 for the military administration of occupied Poland. According to the establishing decree, this organization was to consist of Reichskreditkassen headed by a civilian Administrative Council in Berlin and a Head Administration in Poland, with an Executive Board which included at least two members appointed by the Administrative Council. The powers of the Reichskreditkassen under the decree, while designed to have them function primarily as the banking organs of the Wehrmacht, allowed them to undertake regular credit business with approved enterprises in the occupied territory. This was in conformity with the civil affairs functions of the Wehrmacht in its task of preparing the territory for further German military effort.

On the eve of the invasion of the Soviet Union, advance personnel of the Reichskreditkassen assembled at key points near the Russian frontiers — at Rovaniemi (Finland), Königsberg, Warsaw, Cracow, and Constanza (Rumania) — and followed the advancing troops into the Soviet Union. On 27 June 1941 the Reichskreditkassenschein, the currency issued by the Reichskreditkassen, was declared legal tender alongside the rouble at the rate of ten roubles to one Reichskreditkassenschein (equal to one reichsmark). The Reichskreditkassen began their operations immediately, establishing offices in the important places occupied and maintaining forces behind the advancing troops. In addition to their primary function of supplying the Army and its offices with currency and conducting the other normal operations of a bank of issue, the Reichskreditkassen acted as banks of deposit and discount for the military offices, and thereby as the central organ in money circulation. Also, it acted as the clearing-office both within the Occupied Eastern Territories and between these territories and the Reich, and it granted credits for economic reconstruction on the authorization of the military Economic Commandos. Moreover, although the civil administrations took over the territories by September 1941, civil banks of issue did not begin to operate until June 1942 in the Ukraine and April 1943 in the Ostland. Until then the Reichskreditkassen, transferred from the control of the military Economic Commandos to that of the competent Reich Commissioners and their regional representatives, performed for the civil administration all the functions they had carried out for the Wehrmacht. 1/ This meant that in their capacity as clearing office with the Reich, they served the civil administrations, the Reichsbahn, the Reichspost, and the German trustee companies as well as the military. It meant too that the Reichskreditkassen had to finance during this period the work of total

1/ In the rear zone, which was stabilized during 1942 and the first half of 1943 the Reichskreditkassen performed these tasks of total economic exploitation for the military authorities.

economic exploitation organized by the German civil administration, through credits extended to approved enterprises. The total role which the Reichskreditkassen had to perform in this work was due to the financial vacuum left by the Soviet scorched-earth policy in respect to its banks. Security which the Reichskreditkassen were authorized to accept for its loans included Reich bonds and treasury certificates, other securities approved by the Administrative Board, and undamaged goods of all kinds warehoused in the district concerned. The blanket security which covered most of the credits extended, however, was the loan which the Administrative Board of the Reichskreditkassen guaranteed to the Reich for expenditure in occupied territories. The maximum limit of this loan was fixed at first at 1,000 million reichsmarks, but this limit was raised several times since, until the actual indebtedness of the Reich in this respect was reckoned in January 1943 at 5,000 million reichsmarks. Especially in the Occupied Eastern Territories, where the absence of native banking facilities and the Soviet restriction upon private property made it impossible to find normal banking security, there were used trustee credits on the account of the Reich. Moreover, this type of credit fitted in well with the planned German economic organization of the area, since economic activity was in the hands of German trustee and patron companies. Thus the credits of the Reichskreditkassen were used for communal reconstruction, the setting of factories into operation, the acquisition of goods, and other varied kinds of economic activity. For these purposes sixteen Reichskreditkassen were established in the Ostland — six in Latvia, four in Estonia, four in Lithuania, and two in White Ruthenia — at least eleven in the Reich Commissariat Ukraine, eight in the Rear Zone, and one in Transnistria (in spite of its formal occupation by Rumania).

While the Reichskreditkassen were forced at the outset to perform general banking functions in the occupied East, their primary concern with the direct financial needs of the Wehrmacht

led the authorities to encourage the creation of as many auxiliary banking institutions as possible. There was no uniform regulation for the creation or use of these banking arrangements and they were created or used according to local conditions. This led both to the encouragement of native financial arrangements and to the creation of local financial agencies by the German authorities. In the old Russian areas the complete collapse of the Soviet banking system left a complete vacuum. The Germans created local currency and clearing offices (Geld- und Verrechnungsinstitutionen) to supplement the services of the Reichskreditkassen, which were established only in a few important places. These auxiliary German institutions were established on all regional levels, from the General District and the Field Command down through region, the county, the city, and the commune. They were created at first by the military and later by the civil or the military, according to whether the area concerned lay within a Reich Commissariat or the rear zone.

The organic nature of this development meant that the financial structure in the former Baltic states differed widely from that in the old Russian territories. In the Baltic countries the year of Soviet occupation had not destroyed the institutions and framework of a private banking system. Private banks, savings-and-credit co-operatives, and even the state banks were all permitted to operate under native control, although with German supervision, according to Soviet law. Moreover, private German banking institutions were allowed to resume their pre-Soviet connections in the Baltic countries; the Commerzbank, the Bank der deutschen Arbeit, and the Dresdner Bank established subsidiaries, and German credit and currency policies could be applied to a limited extent. While the Bank der deutschen Arbeit simply opened two branches in the Ostland — at Riga and at Minsk — the two other German banks established independent daughter companies, signifying the great extent of the financial activity they intended to undertake in the Ostland. The subsidiary of the Dresdner Bank was called the Handels- und Kreditbank AG (Trade and Credit Bank), with

headquarters at Riga, and branches at Libau in Latvia, at Tallinn and Narva in Estonia, at Kaunas, Siauliai, and Wilna in Lithuania, and at Minsk in White Ruthenia. The subsidiary of the Commerzbank in the Ostland was the Hansa-Bank, established at Riga, Tallinn, and Dorpat. These German banks operated under German law and with German currency, and they exercised financial control over the native private banks permitted to exist. The initiative for their establishment lay with the German regional and local authorities -- with the General and Regional Commissioners in the period and area of civil administration and with the Economic Commandos and the Field Commanders in the period and area of military administration.

Whatever old institutions could be revived had to be restored by the Germans. Hence the German regional authorities not only created new local banking offices but also set all possible Soviet local banking arrangements into operation. Especially was this true for the German agricultural administration, which needed chambers to hold the funds present at the various delivery points and tractor stations and to disburse proceeds from collected harvest-balances. The result was a net of agricultural banks which made use of the regional organization of the Soviet agricultural banking system. Finally, the Germans in some cases permitted and in others tolerated the founding by native banking specialists of money offices (Geldinstituten) in various forms.

The period of military banking administration, then, saw the efflorescence of local ad hoc banking arrangements to supplement the leadership of the Reichskreditkassen. This development took place under the sponsorship or the encouragement of the German regional authorities, whose aim was to provide the financial conditions for economic activity. Since the emphasis was on growth there was at this time no provision for uniformity and no general regulations. German control was wholly upon a local basis.

(2) Currency

The original and primary function of the Reichskreditkassen was the issuance of currency for the use of the Wehrmacht in

the occupied territories. In the Occupied Eastern Territories the evacuation by the Russians of the banks of issue extended this function to include the supply of currency for the general needs of the area. The currency of the Reichskreditkassen was the Reichskreditkassenschein, the representative of the reichsmark outside the Reich frontiers and equivalent to it in value. The basis of this currency consisted in certain assets of the Reichskreditkassen: (a) claims for trust and discounting operations; (b) reserves of Reich currency, balances with the Reichsbank and with the German Clearing Office, and reserves of Treasury bills; (c) the claim pertaining to the blanket loan made by the Administrative Council of the Reichskreditkassen to the Reich for expenditure in occupied territories. The Reichskreditkassenschein was declared to be legal tender, and the rouble permitted to retain that status. The exchange relationship was proclaimed to be ten roubles to one Reichskreditkassenmark (or one reichsmark), in spite of the fact that the nominal pre-war rate had been slightly more than two roubles to one reichsmark. The Germans claimed that they had suspended their rule of establishing "normal" exchange rates because the pre-war value of the rouble had been manipulated by the Soviets to a point far above its actual purchasing power. During the period of military administration the rouble was maintained in circulation and utilized fully by the Reichskreditkassen in order to keep the issues of the military currency down to a minimum. Indeed, the Reichskreditkassen encouraged the accumulation of rouble deposits. Reichskreditkassenscheine were issued in denominations of 50 RM, 20, 5, 2, and 1, and 50 Rpf. Reichskreditkassen coins of 10, 5, and 1 Rpf. were also circulated.

Although the Reichskreditkassenschein was a provisional currency and its supersession by establishment of adequate national currencies by the civil administration was projected and in the Ukraine carried out, it always maintained its status as legal tender, even when it was out of circulation. The reason was that the course

of military events would again require its circulation, and that as representative of the reichsmark it constituted the link between the new and the old currencies in the territory as well as the connection of the territory's currency with the German-dominated continental currency system.

b. The Ostland Civil Financial System

(1) Banking

The civil administration created for the occupied East a complete financial organization to serve as its organ in its direction of the total economic exploitation of the territory. For this purpose it created two systems of banking agencies, both of which were organized on the Reich Commissarial level, so that the banking systems in the Ostland paralleled that in the Ukraine. The first system established was that of the general banks, created by the Reich Commissioners and operating under their supervision. The second system was that of the banks of issue, created by the Central Reich authorities, i.e., the Reich Minister for the Occupied Eastern Territories and the President of the Reichsbank, and operating under their supervision. Through this second system, which was empowered to deal in the deposits and commercial papers of other banks, internal and foreign clearance, and credits, the central Reich authorities were enabled to control the whole banking organization in the occupied East in consonance with their domination over European finance.

The first step in the Baltic countries to bring order into the unregulated banking situation left by the military administration and to begin the displacement of the Reichskreditkassen was the organization of a central and regional direction for deposit and credit operations. The central direction was established by a decree of the Reich Commissioner for the Ostland issued on 4 March 1942. This decree created the Gemeinschaftsbank Ostland (Co-operative Bank Ostland), whose function was to act as the savings bank and central clearing-house for all the native savings and co-operative

institutions and to extend credits to public bodies, agriculture, and industry, with special reference to the development of the economy for the war effort. It was planned that the bank should deal in communal credits after the war. The bank was a public-law corporation led by three directors (presumably German) and managed by a German General Director. 1/ It was supervised by the Reich Commissioner. The organization of financial life by the Gemeinschaftsbank was secured in the decree by the provision that all native banks in the Ostland except the regional savings and co-operatives' banks be liquidated and taken over by the Gemeinschaftsbank. This included the native state banks in the three Baltic countries which were dissolved in August 1942, but it did not include the subsidiaries of German banks, which continued their functions and even opened new branches after the passing of the decree. The native regional savings and co-operative banks which remained in existence were effectively controlled by the Gemeinschaftsbank through its monopoly of credits. However, this regional structure of native banking institutions could not serve the economic reorganization planned by the occupation authorities. Therefore they set up a branch in each General District and, by a decree published simultaneously with the creation of the Gemeinschaftsbank, 4 March 1942, also established their own regional organization. This decree provided for the creation of a savings bank at the seat of every Regional Commissioner in the Ostland. Co-ordination of this regional German banking system was assured by the organization of the Regional Commissarial banks into the Sparkassen- und Girroverband für das Ostland (Savings Bank and Clearing Union for the Ostland). This institution seemed to be simply a liaison organ between the regional public-law savings banks and the Gemeinschaftsbank, which was the actual operating head of the system.

1/ The first General Director, Richard Vencker, had been prominent in banking in Schleswig-Holstein. He died in May 1942, and was replaced by Landesbankdirektor Willi Meyer, formerly Deputy Director General of the Mitteldeutsche Landesbank in Magdeburg and Director of the Filialhalle.

While this banking organization was intended to integrate financial activity in the whole of the Ostland, the conditions prevailing in the old Russian territory of White Ruthenia dictated a different course of development from that followed in the Baltic countries. The former Soviet state banks in White Ruthenia, set into operation by the Germans during the period of military administration, were amalgamated on 1 July 1942 into a bank in White Ruthenia, with headquarters at Minsk and thirty-three branches (the former Soviet state banks). This bank functioned under the Reichskreditkassen until 1 September 1942, when it was made a branch of the Gemeinschaftsbank Ostland and a German director was appointed. The thirty-three branches were transformed into branches of the Gemeinschaftsbank Weissruthenien, with the intention that they would later be taken over by savings banks or credit co-operatives.

This diversity of conditions existing within the Ostland caused a long delay in the creation of a central currency institution to take over the Reichskreditkassen. The Reich Minister for the Occupied Eastern Territories issued a decree on 30 July 1942 setting up a Notenbank im Ostland, but the bank did not actually go into operation until 1 April 1943. Its main office was at Riga and it opened twenty-six branches throughout the Ostland, including the sixteen Reichskreditkassen which it took over. 1/ It was under the direction of a German president and a vice president appointed by the Reich Minister for the Occupied Eastern Territories upon proposal by the Reich Commissioner for the Ostland; however, in respect to their nomination, salaries, and recall the agreement of the President of the Reichsbank was required. Both appointments were made from among directors of the German Reichsbank. 2/ The Reich Commissioner for the Ostland appointed and dismissed the council (Beirat) which

1/ The Notenbank took over not only the business but also the premises and personnel of the Reichskreditkassen.

2/ The President of the Notenbank, Reichsbankdirektor Woning, was from the Popular Economy (Volkswirtschaftlich) Section of the Reichsbank. The Vice President, Reichsbankdirektor Schamberger, was active in building up other banking organizations in the Reich Commissariat Ukraine.

advised the bank leadership. The branches of the bank were led by German directors, appointed by the President of the Reichsbank. The Notenbank was administered according to the directives and under the supervision of the Reich Minister for the Occupied Eastern Territories in agreement with the President of the German Reichsbank. The chief functions of the bank were to act as the financial organ of the German civil administration, to supply credits for reconstruction, to regulate the money- and clearance-trade, and to control the currency standard. For these purposes it had right to transact the following business:

(a) It bought and sold treasury certificates and bonds of the administration of the Ostland and granted economic credit to it. The Reich Minister for the Occupied Eastern Territories, in conjunction with the Reich Minister of Finance and the President of the Reichsbank, determined the maximum which the bank could possess of this paper. The Reich administration and the administration of the Ostland used the bank for their entire banking and treasury business; the bank was required to fulfill this function without accounting costs to the administrations for the service. The bank was exempt from all taxes and charges.

(b) It granted interest-bearing credits on security, for a maximum period of six months. 1/

(c) It accepted money — only in exceptional cases bearing interest — for deposit or clearance.

(d) It bought and sold commercial paper (checks and bills of exchange). It drew and honored checks and drafts, but it could not issue its own bills of exchange. Its business with the Reich and other countries took place through the office of the Notenbank in Ostland, established in the German Clearing Office in Berlin. This means that actually foreign transactions were handled by the German Reichsbank, through which the Notenbank participated in the European Clearing Union.

1/ The six-month period, which was longer than the usual time limit for loans, was considered by the Germans to reflect the adaptation of the bank to the special economic conditions of the Ostland, especially its agricultural character.

(c) It bought and sold gold, other precious metals, and foreign exchange, at the prices and rates used by the German Reichsbank in its analogous business.

(f) It carried on banking-commission business of all kinds and accepted objects of value for keeping and administration.

(g) It had the exclusive right to issue bank notes in the Ostland. These notes were to constitute a new currency, the Ostlandmark. Actually, the bank never issued the Ostlandmark but operated on the basis of the Reichskreditkassenschein. The necessary notes were furnished it by the head administration of the Reichskreditkassen. Money circulation within the framework of the Notenbank, the other credit institution in the Ostland, and the Postal Check Office Riga was exclusively in reichsmarks. The bank was entitled to use as cover for its currency the following:

(a) Its claims on the account of its discount and loan business.

(b) Its balances in securities.

(c) Reichsbank notes, Reichskreditkassenscheine, balances at the German Reichsbank, the German Clearing Office, and the Reichskreditkassen.

(d) Gold and foreign exchange.

(e) The industrial credits granted to the German administration in the Ostland.

(f) A mortgage, with a maximum of two billion Ostlandmarks, on the ground property in the Ostland. This mortgage, held by the bank, preceded in its claim all taxes and other charges on real estate in the territory.

The Notenbank in Ostland started with no basic capital (save what was taken over with the Reichskreditkassen), but provision was made for the establishment of a legal reserve fund from the current profits, to be applied to compensation for value-decreases and to the covering of other losses. The reserve had an upper limit of 5 percent of the average annual note circulation; everything above

this figure went into the household account of the Reich Commissioner of the Ostland for his free disposition.

Finally, postal savings banks were established in the Ostland.

(2) Currency

Although the military administration in the Ostland maintained the local currency — the rouble — as legal tender, the civil administration decided early in 1942 that it had to be replaced. The reasons for this step appear to have been threefold: first, the break-down of the native financial system made impossible the retention of the native currency; second, the creation of a new currency tied to the reichsmark aided the total German exploitation of the economy and the integration of this exploitation into the scheme of German economic domination over Europe; third, the nearness of the fighting front made the retention of the rouble a constant temptation to hoarding and to smuggling. So anxious was the German administration for the removal of the rouble that it reversed the usual financial procedure and commenced the process even before the setting up of a bank of issue. It began to exchange roubles for Reichskreditkassenscheine early in 1942. The primary means used by the Germans in effecting this exchange was to tie it to the return of deposits, which had been frozen upon occupation. An order by the Reich Commissioner for the Ostland, issued in May 1942, announced that all savings-bank deposits which had not been nationalised by the Soviet Union — that is, under 1,000 roubles — would be returned to the depositors at the rate of 10 roubles to 1 Reichskreditkassenscheine (that is, 1 reichsmark). All persons who did not withdraw their money at this rate by the end of 1942 were declared to have forfeited it. As of 1 June 1943, provision was made for the return of the nationalized deposits over 1,000 roubles to their owners in the Baltic countries at the same rate (one unit of the native currency being considered equal to one rouble). In both cases, exceptions were made in the case of Jews and so-called anti-German elements, whose deposits were confiscated.

The Reichskreditkassenschein remained, then, the only legal tender in the Ostland. However, the introduction of the Ostlandmark continued to be planned by the Germans. They claimed that the diversity of economic conditions in the Ostland, especially between the Baltic countries and White Ruthenia, had required the postponement of its use. The same reason was given for the creation of the Ostlandmark, which was an entirely new currency with no historical roots in the territory.

c. The Ukraine Civil Financial System

(1) Banking

The German banking organization in the Ukraine, in contrast to that of the Ostland, was built up gradually by beginning with the local organization and working up to the Reich Commissarial level. On the regional level, the respective organizations in the civil administrative area of the Ukraine and in the military administrative area of the rear zone were developed identically, and were effected by the closest collaboration of the civil and military authorities. The military period of administration both in the area turned over to the civil administration and in the stabilized rear zone left a mushroom growth of regional and local savings banks (partly or created by the competent German local authorities) and of unregulated native banking offices. As in the Ostland, the first step was in the field of credit banking. In the fall of 1941 the central agencies concerned — the Economic Staff East, the respective Economic Inspectorates for the rear zone area, the Reich Minister for the Occupied Eastern Territories and the Reich Commissioner for the Ukraine — began to plan for the construction of a regulated, uniform banking system. Re-establishment of the Soviet banking system was rejected because of the wholesale evacuation and because of the German view that the Soviet banking system was not a real banking system but simply an instrument for the direction of the Soviet economy. The introduction of German banks and system was rejected because a banking system based on private economy was not

suited to an area which had been dominated by state economy; moreover, a system of competition was deemed unsuitable for a devastated area. It was decided that the interests of economic reconstruction would be best served by the creation of one monopolistic banking system which would act as trustee of the German administrative authorities. The central authorities determined to start this system on the regional level by authorizing the creation of banking institutions of public law, a new kind of banking institution whose breadth of activity was signalized by the German appellation of "universal banks" for them. This planning during November 1941 resulted in an ordinance of the Reich Commissioner for the Ostland, and in parallel ordinances by the competent Economic Inspectorates, empowering the General Commissioners and the Economic Commandos in each of the former capitals of the Oblasts and other important places to set up a money office under the name Economic Banks. All existing money and banking institutions were to be taken over by the Economic Bank or dissolved. It was ordered that all authorities, organizations, and enterprises pay their surplus money into the Economic Banks. This ordinance stopped at the establishment of uniformity. There was still no provision made for central supervision: supervisory power was in the hands of the competent Regional and City Commissioners and the corresponding local military authorities. The Reich Commissariat order, however, did look forward to the creation of a Central Economic Bank.

The central organization was established by a decree of 18 March 1942, issued by the Reich Commissioner for the Ukraine. It provided for the creation by the General Commissioners of Economic Banks in every important locality of the Reich Commissariat Ukraine. As carried out, the minimum arrangement was the establishment of a branch office at the seat of every Regional Commissioner and of a branch or payment office at the seat of every Rayon Chief. However, there was no rigid rule as to the establishment of branches; it was determined entirely by the needs of the local economy. The lack

of economic development established the principle of few banks with great business areas; each bank took in economically coherent areas. At the high point of the German invasion 21 Economic Banks and 320 of their branches were operating in the Ukraine, and 8 Economic Banks with 300 branches in the rear zone. The Economic Banks were institutions of public law, and the Reich Commissioner was liable without limit for their obligations. Since the Reich Commissariat was not a self-administrative corporation, this meant actually that the Reich guaranteed the Economic Banks. The only administrative organ in the Economic Bank was the board (Vorstand), which was composed exclusively of German nationals appointed by the competent General Commissioner. The average board was composed of a director, who was a higher official (hauptamtlicher Leiter), an honorary member, who was chosen from the predominant agricultural or industrial circle in the district concerned, and two German experts. The rest of the personnel employed by the banks were native, including the heads of the branches and payment offices. In the case of the larger Economic Banks, however, a council (Beirat) sat beside the board; it was appointed in the same way as the board, and, similarly, the appointees were from administrative and economic circles. The functions of the Economic Banks were determined by the fact that, aside from the bank of issue, they constituted the only banking institutions of any kind in the territory. Hence they were not restricted by legal prescriptions as to their powers, but rather were permitted to do everything required for the fulfillment of their tasks. These tasks demanded the transaction of banking business of every kind save the emission of currency. Deposit, check, and clearing business, and especially the extension of credits to public and private undertakings, were within their purview. As in the case of the Gemeinschaftsbank, the emphasis of the Economic Banks was on the granting of wholesale credits and the stimulation of deposits, while the great credit tasks of industrial reconstruction were reserved for the bank of issue. Measures taken for the stimulation of deposits include the giving of interest (from 1 to 2½ percent up) and the establishment of premiums for deposits.

Great stress was placed on the development of the clearance process, and for this the authorities drew upon experience in German banking to set up a special transfer technique called the Economic Bank Clearance (Wirtschaftsbank-Giro). By a Reich Commissarial decree of 5 August 1942 the German law on checks and bills of exchange was introduced into the Ukraine. Finally, the Economic Banks served as collecting agencies of local authorities for taxes on wages, incomes, and sales.

The development of the Economic Banks in the rear zone paralleled that in the Reich Commissariat Ukraine. This was made possible by the constant collaboration of the civil and the military economic authorities. There were three differences between the operation of the Economic Banks in the Reich Commissariat and those in the rear zone. First, in the rear zone the Economic Banks played a greater role in the sphere of industrial, long-term credits, since their task, in the absence of a civil bank of issue, was to relieve the Reichskreditkassen of all credit functions. These credits had to have the approval of the competent Economic Commando. Secondly, the Economic Banks in the rear zone had no central structure of their own and relied upon the administration of the Reichskreditkassen. Third, the Economic Banks in the rear zone did not give interest on deposits, precisely because they had no central organization with which to invest their funds. If an Economic Bank was overstrained, its burden could be shared by the other Economic Banks in the district and 60 percent of its claims could be refinanced with the Reichskreditkassen.

The central framework of the Economic Banks in the Reich Commissariat Ukraine was established in the same decree of 18 March 1942 that placed the regional Economic Banks on a definite legal basis. The decree set up two central organizations for the Economic Banks. The Central Economic Bank, with its seat at Rovno, was created by the Reich Commissioner, was endowed with its basic capital of 200 million Karbowanetz and its reserve of 50 million Karbowanetz by him, and operated under his supervision. It was

headed by a board (Vorstand) and an administrative council (Verwaltungsrat); the members of both were appointed and dismissed by the Reich Commissioner. The Central Economic Bank performed the function of a central bank (Zentralkasse) for the regional Economic Banks and acted in those credit operations which involved large credits and were beyond the powers of the Economic Banks. This it did through the issue, with the approval of the Reich Commissioner, of non-negotiable notes, both long- and short-term. It was intended that the Central Economic Bank should satisfy, when the time was ripe, the need for long-term investment credits. Because of the difficulties of communication, it was considered necessary to establish branches of the Central Economic Bank to secure contact with the regional Economic Banks. Two were opened -- one at Kiev and one at Dnieprepetrovsk. On the other hand, it also maintained a liaison office with the Reichsbank in Berlin. The second central institution for the Economic Banks to be established by the decree of 18 March 1942 was the Union of Economic Banks in the Ukraine (Verband der Wirtschaftsbanken in der Ukraine), which acted as the administrative institution of the system. It advised, supervised, and audited the business of the Economic Banks, and thus enacted administrative regulations. Thus interest rates on deposits were fixed by the Union in agreement with the Reich Commissioner. The cost of the Union was met by a tax on the Economic Banks, levied according to their deposits. Its manager was always the previous chairman of the board of the Central Economic Bank.

Both the regional and central organizations of the Economic Bank system were created as institutions of public law and were under the direct supervision of the Reich Commissioner, who had the right to use the General Commissioners and the Union of Economic Banks for this purpose. Two companies were established under the Reich Commissioner at Rovno with the exclusive function of supplying the Economic Banks and their central organs with all the equipment and forms necessary to their operation.

A currency-issuing system was established in the Ukraine by the creation of a Central Note Bank Ukraine (Zentralnotenbank Ukraine).

This was based on a decree of 5 March 1942 issued by the Reich Minister for the Occupied Eastern Territories. It went into operation on 1 June 1942, taking over the business, premises, and personnel of the Reichskreditkassen in the area of the Reich Commissariat Ukraine. At the period of its greatest extent, it consisted of its headquarters, provisionally established at Rovno, sixteen branches, and at least seven clearing offices (located at main railway stations), in addition to its liaison office with the Reichsbank at Berlin. Its president was Reichsbankdirektor Einsiedel, formerly active in building up the Slovak National Bank and the Serbian Bank of Issue. The organization and functions of the Central Note Bank Ukraine were similar to that of the Note Bank in the Ostland (see E 2,c 2). The chief differences in their operations were as follows:

(a) The upper limit of the mortgage on all the ground property in the Ukraine, which constituted the main cover of the note issue, was fixed at ten billion Karbowanetz.

(b) The absence of private enterprise meant that the bulk of the credit operations of the Central Note Bank consisted in the discounting of treasury certificates of the Reich Commissioner. In turn, the chief buyer of these certificates was the Economic Banks, especially through the Central Economic Bank Ukraine. The bank's discount rate on the Treasury Certificates, and its interest and discount rate on the private credit it extends, were the same as in the Reich.

(c) The Central Note Bank Ukraine actually issued its own currency.

(2) Currency

Three different currencies maintained the status of legal tender in the Reich Commissariat Ukraine — the Reichskreditkassenschein, the Karbowanetz, and the rouble. The first of these remained in limited circulation even after the introduction of a new currency by the civil bank of issue, because of the continued passage of troops through the Ukraine; however, its use, even by the offices

of the Wehrmacht, was restricted by the new currency. The new unit issued by the Central Note Bank Ukraine was the Karbowanetz (Kar), a name which the Germans took from an old Ukrainian monetary unit. It replaced, except in very limited spheres, both the Reichskreditkassenschein and the rouble. Because of the quick creation of a Ukrainian bank of issue, the rouble in the Ukraine (unlike the Ostland) was replaced immediately by the new currency, not by the Reichskreditkassenschein. The exchange was begun toward the end of June 1942 with the issuance of Kar notes in the amounts of 1, 10, 20, 50, and 500 at the rate of 1 rouble to 1 Kar and 0.10 RM. On 25 July 1942 all roubles above the three-rouble note were declared invalid; thereby an exchange for Karbowanetz notes was compelled. The exchange action was not closed until the middle of November, and after the expiration of a specified period the unredeemed rouble notes were declared worthless. The actual exchange took place in stages. In view of the increase in note circulation due to the dissolution of Soviet state and military banks, of the influx of rouble-currency from surrounding areas, like Bessarabia, and of the expenditures (in Reichskreditkassenscheine) of the German military administration and purchasing companies, the German civil authorities feared inflation. Therefore only money notes, the so-called "consumers' money," was credited to special non-interest-bearing deposit accounts and frozen. An exception to this rule was made in the case of 5 and 10 rouble notes which were exchanged for Karbowanetz notes for the same reason that Soviet money of 3 roubles and less was maintained -- to secure a supply of change and small notes. In December 1942 the frozen accounts were redeemed (in Kar) up to the amount of 150 roubles. In April 1943 they were released up to 300 roubles. It was intended that special Ukrainian small currency and change would be printed to replace the 1- and 3-rouble notes and the kopecks, but these denominations of Soviet currency remained legal tender to the last.

In the rear zone the Reichskreditkassenschein and the rouble remained legal tender in unlimited amounts, and no new currency was introduced. There was one exception, which was based on the temporary character of the Reichskreditkassenschein. This was in the

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territory of Transnistria, which was handed over to Rumanian military administration by the Germans in August 1941: here, when in the latter part of 1942 the money office at Odessa was changed into a Reichskredit-kasse, the Reichskreditkassenschein replaced the rouble entirely and became exclusive legal tender.

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3. Labor Controls

In the structure of their labor controls in the occupied East, the Germans approached more closely than in any other field the pattern of their administration in the other occupied countries. The explanation lies in the fact that, whereas other political and economic requirements of Germany were limited and were therefore adapted to the conditions of specific national societies, German manpower demands were infinite and therefore tended to a uniformity all over Europe. This uniformity was expressed in the power given to Fritz Sauckel, at the time of the creation of his office of Plenipotentiary General for Labor Mobilization within the Office of the Four Year Plan, to issue orders to the highest military and civil authorities in all the German-occupied territories. Thus high policy was made with this central Reich authority while execution of this policy was entrusted to the offices of the German territorial administration. Within the executive framework of the territorial administration there were the usual formal distinctions between the Baltic General Districts and the rest of the Russian territories. As in other countries, German labor controls were primarily concerned with the problem of the mobilization of labor, both for service in Germany and in the home district. In this respect the shortage of labor in the Baltic countries meant an emphasis upon the latter type of labor mobilization, while in the Ukraine the Soviet destruction of industry led to a surplus of population which was in great measure sent to work in the Reich. The same authorities to whom the functions of labor mobilization were entrusted controlled working conditions and social welfare (such as social insurance). These latter aspects of the German labor organization were subordinated to the supreme aim

of getting manpower; they were introduced as the advantages of the German social system in order to conciliate those working in the occupied East for German interests under German rule.

a. The Organs of Control

Sauckel, as General Commissioner for Labor Allocation, enjoyed a supreme authority over labor policy in the occupied East which stemmed from the general economic powers in that area of the Office of the Four Year Plan, of which Sauckel was a part. The conception of labor as an ingredient of the economic exploitation of the occupied territory emerged in the original establishment of the Departments of Labor Policy and Social Insurance within the Leadership Staff for Economic Policy in the Reich Ministry for the Occupied Eastern Territories. Only during 1942, when the conscription of foreign labor rose to a key position in the Nazi economic planning, were the territorial agencies concerned with labor raised to a more independent place through the change of the labor departments within the staff of the Reich Minister, Reich Commissioners, and General Commissioners to special Main Departments for Labor. These Main Departments, together with the departments for labor in the staff of the Regional Commissioners, were the responsible authorities in labor administration including matters of labor mobilization, labor policy (wage and working conditions), and social administration (insurance). The channel of authority seems to have gone from Sauckel to the Reich Minister for the Occupied Eastern Territories, and thence to the Reich Commissioners and lower levels. The territorial administration took exclusive charge of the actual legislation and administration; only in the Ostland, apparently, did a representative of Sauckel, a Permanent Deputy for

Labor Mibilization (ständige Bevollmächtigter für den Arbeitseinsatz), figure as performing liaison between Sauckel and the territorial administration on the staff of the Reich Commissioner. Actual responsibility for administration lay with the Main Departments for Labor within the Reich and General Commissarial administrations; thus the Leader of the Department of Labor on the staff of the Regional Commissioner was appointed by the Leader of the Main Department for Labor on the Reich Commissarial level. These Departments and Main Departments were therefore called "service departments of the labor mobilization administration."

In the military stage of the occupation and later in the stabilized rear zone, labor administration took place, on the same basis, through the Main Group (Chefgruppe) Labor in each Economic Inspection and Economic Command under the Economic Staff East. These Groups acted in precisely the same way and under the same over-riding authority of Sauckel as did the civil administrations in the Ostland and the Ukraine.

The actual work of administration on the local level was entrusted to the Labor Offices (Arbeitsämter) created by and working under the Leaders of the Labor Departments on the staffs of the Regional Commissioners and the Economic Commands. By September 1942, 238 Labor Offices and branches had been created — 152 in the military rear zone, and 86 in the civil. Of these, 26 in the Reich Commissariat Ostland, and 37 in the Reich Commisariat Ukraine were located in the larger cities, while 37 branch offices were in the rural areas of both. These offices, concerned primarily with labor mobilization, were considered as part of both the territorial administration and the Sauckel administration for European labor mobilization. Of the 1,700 German officials employed by

these Labor Offices, only 1,000 worked in the Offices proper. The rest were organized into Mobilizing Commissions (Anwerbekommissionen) under the Labor Offices which performed the actual work of mobilization according to estimates of the district established in the Labor Office. The Labor Offices, in addition to their functions in the field of labor mibilization, were executive organs for general labor policy, working conditions, (including supervision of wage conditions and factory inspection), and social insurance.

Two institutions were utilized by the Germans for the organization of native labor in the occupied East. In the Ostland the trade unions (Berufsverbände) were permitted to continue operation on their Soviet legal basis until May 1943, presumably because the powers of these Sovietized trade unions did not include essential functions threatening German control. Even in this period, however, German authority over them was secured by the creation of the post of a German Delegate for Trade Unions (Beauftragte für die Berufsverbände) on the staff of each General Commissioner in the Ostland. On 1 May 1943 a Reich Commissarial decree reorganized the trade unions of the Ostland for their integration into the general system of German controls. As the reason for the reorganization the Germans stated that the trade unions operating on the old, i.e., Soviet, basis, "were handling affairs beyond their rightful prerogatives," and social insurance was cited as an example. This was made the occasion for dissolving the old trade unions and reconstituting them in each General District as subordinate parts of a system dominated by a Central Office of Trade Unions, in the Reich Commissariat Ostland, operating on the staff of the Reich Commissioner in Riga. The limited functions assigned to the unions revealed the true purpose of the reorganization; they were to maintain social peace, "educate the

workers to a new standard of work and European way of thinking," and, as their "most urgent task," assure the execution of total labor mobilization.

In the Ukraine no such "self-administrative" organization was permitted. Instead, the Reich Commissioner for the Ukraine in November 1942 created the Ukrainian Labor Service (Ukrainische Werkdienst) -- patterned after the German Labor Service -- to which all Ukrainians from the age of eighteen to forty-five were subject. This organization was evidently designed to execute special construction tasks for the Germans and must be distinguished from the general labor service to which the whole population was subject by law. It was given a para-military organization -- Hundertschaften, Tausendschaften, and Brigaden -- with the leadership of the main units (from Hundertschaften up) entrusted to Germans and the entire structure headed by a German Inspector General. The sub-leaders (i.e., below the Hundertschaften) were Ukrainians. The German leaders, composed largely of wounded soldiers, wore the uniform of the Corps of Administrative Leaders in the occupied East, while the natives were un-uniformed. By July 1943 the Germans claimed a membership of ten thousand for this Labor Service. A similar organization existed in White Ruthenia.

Reich para-military labor organizations also had representative offices in the territories of the occupied East charged with leadership of the units working in those areas and with the recruitment of native forces from them. Thus the Oberstarbeitsführer of the Reich Labor Service were appointed for each General District of the Ostland, and an Organization Todt Einsatz-Gruppe Russland Süd-Ost was created for construction work in the Ukraine and the Crimea.

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b. Labor Conscription

Conscription of the population for limited labor service within the occupied territory was carried on from the beginning of the occupation. The German Commissioners down to the City Commissioners mobilized any section of the population for agricultural labor, timber haulage, and similar local tasks (Hilfsdienst). or, in the Baltic General Districts, assigned such powers of mobilization to the puppet native administration from the Directorates of Economics and Interior down to the Communal Elders. Children from twelve years of age underwent such labor mobilization. Recruitment for labor in Germany remained in this early period formally voluntary. Propaganda campaigns were directed especially at calling for Baltic youth volunteers for the Reich Labor Service in Germany, and the first contingents were actually sent off in April 1942.

General conscription followed only upon Sauckel's general decree of 22 August 1942 empowering the German labor authorities in all occupied countries to conscript workers for Germany. On the basis of this the Reich Minister for the Occupied Eastern Territories, by a decree of 28 August 1942, established the legal basis for general and unlimited labor conscriptions: "All inhabitants of the Occupied Eastern Territories are subject to public labor duty according to their labor capacity." This was formally implemented by a further decree of the Reich Minister on 25 July 1943 formally establishing labor service for every individual, whether partially or wholly fit, for work in such categories as armaments, agriculture, construction work, erection and maintenance of public buildings, road construction, waterway and railroad construction, etc. The conscripts could be used for service either within or outside the Reich Commissariats — i.e., they could be conscripted under this decree for

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work in Germany -- and for either a limited or unlimited period according to the decision of the Commissarial authorities. A special circular issued by the Reich Commissioner for the Ukraine in June 1943 had to reinforce the exclusive authority of the official labor departments and offices by specifically prohibiting the "arbitrary employment and transportation of native workers to Germany," i.e., by Reich German firms using various means of compulsion and acting outside the framework of the labor administration. In the Ukraine vocational training as well as labor allocation training was a monopoly of the administrative authorities.

The final stage of labor mobilization was introduced by a decree of the Reich Minister for the Occupied Eastern Territories, issued in May 1943, calling for the registration for war contribution of all men aged fifteen to sixty-five and all women aged fifteen to forty-five at the offices of the District Commissioners for labor service. Also by the Reich Commissioner's decree definite age classes for such service were called up. In the Ostland a Reich Commissarial decree of April 1943 called men of the year classes 1919-24 to labor service; in August all deferments from this decree were cancelled and the order was extended to women of the same age groups. In October 1943 the 1926-27 age groups in the Ostland were similarly mobilized. In the Ukraine a decree of May 1943 of the Reich Minister for the Occupied Eastern Territories called up men and women of the 1923-25 age groups for two years' labor service. These conscriptions were accompanied by a closing-down campaign to make more workers available. In both the Ostland and the Ukraine the mobilization was carried out directly by German recruiting commissions, the early attempts of the Germans to use the native district councils in the Baltic General Districts

to furnish contingents to the German labor authorities having broken down with the introduction of general labor service. These conscription measures, together with the genuine volunteering and the various means of duress included under the category of "voluntary recruitment" brought a million and a half Russian workers and one hundred thousand Baltic workers to the Reich. Moreover, they made the total mobilization of the entire population available for the construction of fortifications when the Red Army approached.

As a necessary basis for labor conscription the Germans established a system preventing the free movement of labor. In the Ostland the Reich Commissioner issued a decree on 5 March 1943 introducing a system of labor cards (Arbeitsausweise) similar to that previously enacted for the Reich. Every non-German worker or employee in the Ostland was compelled to have such a labor card, without which he could not carry on his calling, and which was to be held by the plant manager; students leaving school had to report to the labor authorities four weeks before leaving school for registration. In both Ostland and Ukraine Reich Commissarial decrees forbade a worker to refuse the job assigned to him, forbade the cancellation of a labor contract before its expiration, and prohibited the offer of higher wages to a worker to induce him to change his employment.

c. Wages and Hours

In general, wages were governed by the price-stop principle. In the Baltic General Districts wages and hours appear to have been based upon the pre-war levels, although with total mobilization in the spring of 1943 working hours were extended. In the Ukraine the wage schedule enacted by the Germans was designed to influence workers to volunteer for labor in Germany, and yet to provide a stimulus for

those remaining in the occupied territory. Hence the schedule was based in part on the division of labor into six groups, ranging from unskilled to skilled, with wages corresponding from 1 to 2.5 Mar an hour. The schedule was also based on the widest possible use of the piece-rate and the premium systems (the latter where the nature of the work did not allow the introduction of piece-rates). The salaries of Reich Germans working in the Ukraine were by decree at least 150 percent that of the natives. By Reich Commissarial decree, the working week of natives in the Ukraine was fifty-four hours.

Labor from the old Russian territories (i.e., Osterbeiter) working in the Baltic General Districts were, by a decree of 12 December 1942, subjected to the same low working conditions as governed the treatment of Ostarbeiter in the Reich. When, in December 1943, the influx of such workers evacuated from Soviet-reoccupied territory was so great as to make their conciliation desirable, this decree was repealed and working conditions of Russians in the Baltic countries were made equal to those of the native Baltic workers.

d. Social Insurance

The German labor departments and offices had jurisdiction over the social insurance provisions enacted by the Reich Commissioners for the native populations. In the Ostland, the pre-occupation institutions dealing with social insurance were first permitted to continue. Thus the trade unions were permitted to continue their functions in the field, and from 1 January 1943 private accident and sickness insurance was permitted. However, a Reich Commissarial decree of 1 May 1943 reorganized the whole system and placed it under unified German control. The management of social insurance under the new scheme lay with public agencies established at the seat of each General Commissioner. For sickness and accidents there

was created a Sickness Insurance Institute (Krankenversicherungsanstalt) in each General District; for annuities, an Annuity Insurance Institute (Rentenversicherungsanstalt). In the Baltic General Districts they were placed under the supervision of the competent Councillor or Director for Labor and Social Affairs. The premiums of the social insurance were set at 10 percent, with the employers and employees sharing equally. The initial means for these public agencies were to be provided by the property previously drawn upon by the trade unions for the purposes of social insurance.

The provisions for social insurance in the Ukraine, enacted by a Reich Commissarial decree in August 1942, provided likewise for a public insurance scheme, but one which was operated directly by the territorial administration through its labor departments and offices rather than through a special public corporation. Moreover, the employer bore the entire cost of this insurance. According to this decree, gratuitous aid in case of sickness and accident was provided for every native "who loyally co-operated in the construction of the Ukraine." As in the Ostland, Jews and gypsies were excluded from the benefits of social insurance.

4. Police

The German police organization in the Occupied Eastern Territories furnishes a clear example of the technique by which central Reich agencies operated in occupied areas through the integration of their representatives into the German territorial framework of administration. According to the basic Führer decrees organizing the administration of the occupied East the Reich Leader SS and Chief

of German police (Himmler) was given supreme authority over police security (polizeiliche Sicherung) in these territories. The organization created by Himmler for the occupied East was modelled closely on that of the Reich. Thus the regional police structure was subject to the basic directives of the functional chain of command running up to Himmler, while the general administrative authorities (the Commissioners in the occupied East being generally analogous to Police Presidents in the Reich in this respect) were empowered to give specific orders to the police. The directives coming through the functional police channels from the Reichleader SS and Chief of the German Police (through Higher SS and Police Leaders to SS and Police Leaders, etc., in the occupied areas) thus extended to such matters as the general security of German interests, the administration of the political police, and the internal administration of the police.1/ All orders on the co-ordination of the police with the other branches of the territorial administration and on the local employment of the German police were the responsibility of the Commissarial administration. However, a primary difference between the pattern in the Reich and that in the occupied East lay in the more powerful position held by the Commissarial administrative authorities as compared with that of the regional administrative authorities within the Reich. Whereas in the Reich the Higher SS and Police Leaders operated on the Wehrkreis level, directly under Himmler, with no administrative authority on the same level to give them orders, in the occupied East the entire regional subdivision of the police corresponded with that of the Commissarial administration, and the police chiefs on the staff of the Commissioners were subject to their orders.

1/ See "The SS and Police in Occupied Europe," Part Two, IV, of this series.

Thus the police structure followed the Commissarial regional divisions. Thus the Reich Commissariat Ostland and the Reich Commissariat Ukraine each constituted a Higher SS Sector (SS Oberabschnitt) under a Higher SS and Police Leader (Höherer SS- und Polizeiführer) on the staff of the respective Reich Commissioner.1/ The Higher SS and Police Leader in each Reich Commissariat was assisted by a Commander of the Order Police and a Commander of the Security Police and of the Security Service (Befehlshaber der Ordnungspolizei and Befehlshaber der Sicherheitspolizei und der SD). The Commanders were subordinate in some respects to the Chief of the Order Police and the Chief of the Security Police in Himmler's office. Subordinate to the Higher SS and Police Leaders and on the staff of the General Commissioners were the SS and Police Leaders, appointed for each General District in the Occupied Eastern Territories. Under each SS and Police Leader were a Commander of the Order Police and a Commander of the Security Police and the Security Service. Under these Commanders were the Commanders (Kommandeure) of the various branches of the German police (Protection Police, Fire Protection Police, Gendarmerie, etc., under the Order Police, and the Criminal Police under the Security Police). On the staff of each regional Commissioner, finally, there was an SS and Police Garrison Leader (SS- und Polizeistandortführer) supported by Commanders of the Order and Security Police (the latter office sometimes called the branch office of the Commander of the Security Police and SD of the General District). Commander of the specialized branches were present on this level also.

The Order Police -- and especially the Protection Police and Gendarmerie within the Order Police -- were organized

1/ There were twenty-four such SS Oberabschnitt in Nazi Europe.

into police battalions and used for operations against partisans, for control of refugees, and for protection of transport against sabotage as well as for training natives for similar duties. The Security Police were organized into Task Units (Einsatzkommandos) and were employed for tracking down all traces of political opposition, submitting material for trials of the Special Courts, the execution of punishments without trial, and the training of natives for similar work under German direction.

The territorial extent of the occupied East made it impossible for the Germans to supply all the necessary manpower for political control and for fighting the partisans, who were particularly active in Lithuania, Eastern Latvia, and White Ruthenia. Hence, in addition to retaining the ordinary uniformed police performing routine duties under the native administration (more particularly under the Directors or Councillors for Internal Affairs), the German Order and Security police both organized native units under their direction to carry out duties for which they were responsible. In both the Ukraine and in the four General Districts of the Ostland native Protection Police battalions, under the names Selbstschutzbataillone or Schutzmannschaften, were formed to assist in the fighting of partisans. In some cases these units were the remnants of native armies or militia, and at least in Lithuania they were at first organized in their own headquarters with their own staffs. Eventually, however, they were reorganized by the SS and Police Leaders under the German Protection Police (usually the Gendarmerie). These units were then sent all over the Eastern area, including the zones behind the fighting fronts. Indeed, the Germans had a definite policy of sending native Schutzmannschaften into areas inhabited by other nationalities and employing them along with German SS

for punitive expeditions. Thus Ukrainians were sent to Lithuania, Lithuanians to Poland, and separatist Carpatho-Ukrainians into the Soviet Ukraine.

In the Baltic countries the German Security Police authorities organized the native pre-Soviet Criminal, Political, and Security Police into a subordinate Security Police under their leadership. Just as the native Order Police were administratively represented in the puppet government by a Director of the Order Department in the office of the Director or Councillor for Internal Affairs, so there was a Director of the Security Department for the native Security Police. The extent of the activities assigned to the native security police by the German SS is indicated by the organization of the File Section of the Estonian Security Police:

File A 1: Communism, Marxism
a) Bolshevik Organizations
b) People's Self-Defense, NKVD, Militia
c) Battalion of Destruction, Workers' Regiment
d) Activists of Industrial Concerns
e) Provincial Activists
Persons Returned from Russia
Prisoners of War
Communist Leaflets
Activity of the Enemy

File A 2 Forgeries
Arms, Explosives
Ships
A 3: Military Service

File B 1 Churches
Religious Societies and Organizations
B 2:
Sects
Free Masons
B 3: Jews

File C 1: Organization (societies, associations)
Meetings
Unions
C 2: Press
Literature

File D 1: Emigrants
D 2: Indemnifications
Hostages
D 3: Exiles
Transportation across the Frontier
D 4: Enforcement of Work

File E 1: Counter-Espionage
Sabotage
Parachutists
Bandits
E 2: Economic Counter-Espionage
Counter-Espionage Agents
E 3: Opposition
Reaction
Movement of resistance
Black-listening Crimes
Treason
Nationalist Leaflets

The evident direction of activity against pro-Soviet and generally pro-nationalist elements was supplemented by the special directive given in June 1943 by the German Chief of the Security Service (SD) in Estonia to the Estonian Security Police ordering special attention to be paid to the "Anglophiles."

In the old Russian areas, i.e., White-Ruthenia and the Ukraine, the Germans formed only Self-Defense Units (Schutzmannschaften), and not, for obvious reasons, a political police service. However, Russian or Ukrainian separatists and Whites were trained and used for punitive purposes within the framework of German SS and Security Police units.

5. The Nazi Party and the Germans in the Occupied East

a. Party Purposes and Organization

Heinrich Himmler, from the point of view of his aims as Reich Commissioner for the Security of the German Nationality (Reichskommissar für die Festigung des deutschen Volkstums) wrote in 1942 as follows:

> Our task is not to Germanize the East in the old sense — which means to bring German language and German laws to the people living there — but to see to it that in the East only men of really German Teutonic blood (deutschen germanischen Blutes) live. A Germanization in the old sense would bring our race (Volk), as we know it, to decline. For every mixing of alien or alienating blood is evil for both sides....The task for the East is not to be understood as calling for it to become a continuous settlement area. The German task in the East is primarily one of leadership. What is German and becomes German in the East must be of real German Teutonic blood.

To fulfill the aims of this policy in the occupied East, the Nazi Party had to establish its complete control over the Germans in the area in order to insure that they acted in conformity with the Nazi political and racial policy. This authority extended to both Reich Germans and Volksdeutsche, with the avowed aim of merging them into a unified National Socialist community, and included political and ideological (weltanschauliche) direction and general administration of practical affairs. What the Commissarial administration was for the native, non-German population, the Party organization was for the Germans. As its executive agents, the Party used Himmler's office of Reich Commissioner for the Security of the German Nationality and, to secure uniformity of administration, the Commissarial government itself through the device of personal union of administrative and Party posts.

The Party organization for the occupied East was created by Hitler in April 1942 and took the form of an exact personal and regional union with the territorial

administration. The entire Occupied Eastern Territories became the Party Sphere of Operations East (Arbeitsbereich Ost), within the Party Chancellery directly under Hitler. 1/ Rosenberg, the Reich Minister for the Occupied Eastern Territories, was appointed its Leader (Leiter). The Deputy Reich Minister for the Occupied Eastern Territories (Gauleiter Meyer) became the Deputy Leader of the Sphere of Operations East. Actual direction of Party business was entrusted to a Staff Leader (Stabsleiter) who was the Director of the Central Office of the Sphere of Operations East of the NSDAP in the Reich Ministry for the Occupied Eastern Territories. This furnished the pattern for the whole Party organization in these territories themselves. The Reich Commissariats Ostland and Ukraine through appointment by Hitler, became the Regional Leadership Ostland of the NSDAP (Landesleitung Ostland der NSDAP) and Regional Leadership Ukraine der NSDAP, with the Reich Commissioners as the Regional Leaders and with a Staff Leader appointed by each Reich Commissioner to handle Party business. Each General District in both Reich Commissariats became a District Leadership (Bezirksleitung) of the NSDAP, headed by the General Commissioners and actually administered by appointed Staff Leaders. Each Region within the General Commissariats became a Party Regional Leadership (Gebietsleitung) headed by the Regional Commissioner, who had the authority to appoint a Staff Leader if the size of his Region and the number of Germans in it warranted it. The functional organization of this Party structure included Offices for Labor and Social Policy, Education, Racial Hygiene, Youth Administration and Finance, Propaganda, Organization, and Personnel. These offices were, as a matter of policy, headed by men who held similar posts in the Commissarial administration. At the apex of the territorial structure of the Party there was, attached to the staff of each Reich Commissariat, an Einsatzstab des Reichsleiters (Rosenberg), with the apparent function of

1/ See "The Nazi Party in Occupied Europe," Part Two, IV, of this series.

representing the Foreign Office of the Party, which was under Rosenberg and which contained an Eastern Office (Ostamt), in the occupied East.

In addition to the general Party organization, representatives of many of the Party formations and affiliated associations were on the Party staffs. The German Labor Front, its subordinate organization Strength through Joy, the Hitler Youth (the Reich Youth Leadership had a Command Office East), the League of German Girls, the National Socialist Women's League, the National Socialist Welfare Organization (especially through the War Winter Help) were all present in the occupied East. They utilized the parallel functional departments in the Reich Commissarial administration to carry out their duties.

b. The Germans of the Occupied East under the Party

Although the Germans -- both Reich Germans and Volksdeutsche -- were under the legislative jurisdiction of the Reich Minister for the Occupied Eastern Territories and his Commissarial representatives, a sharp distinction was drawn in the enactments between Germans and the native non-German population. Commissarial decrees concerning the latter always exempted the Germans, who were subject to special decrees. Moreover, while the regular administrative offices were sometimes utilized for governing the Germans, real control rested in the hands of Nazi agencies and formations.

(1) Reich Germans

Reich Germans -- i.e., German citizens -- consisted at first of persons who came to work in war-essential activities in the occupied East; only during the later stages of the occupation was this contingent supplemented by evacuees -- mostly women and children -- from bombed-out

areas of the Reich. Aside from the Germans in the administration, who were secured by the civil service, and those in key positions in economic life in the occupied East, who were secured by corporate organizations in the Reich, the bulk of the Reich German workers were obtained by means of voluntary recruiting. At first this recruiting was carried out by an Information Office for Eastern Recruits (Sammel und-Auskunftsstelle für Ostbewerber) located in the Reich Ministry for the Occupied Eastern Territories at Berlin. In the latter part of 1943, however, this office was dissolved and was replaced by an Eastern Exchange Bureau (Ostvermittlungsstelle) for each of the two Reich Commissariats, located in Riga and Rovno, and with branches at the seats of the General Commissioners. The functions of these Bureaus comprised the handling of applications from Reich Germans for employment in the occupied East, the giving of information concerning the possibility of their employment, the procurement and registration of various available Reich German workers, and the regulation of Reich Germans' employment in accordance with the demands of war economy. Applications of Germans for employment in the occupied East had to be submitted through the local German Labor Office to the Eastern Exchange Bureau. On the other hand, the requisitioning and dismissal of Reich German workers lay in the hands of the Regional Commissioners. At the same time as the Information Office in Berlin was replaced by the Exchange Bureau in the occupied territories, coercive powers were given t. the Eastern Exchange Bureau in the assignment of war-essential jobs to Germans.

This change was an expression of the general alteration in policy toward Reich Germans all over Europe which came with total mobilization in January 1943. Before this date, war-essential jobs in the occupied East furnished grounds

for deferment and, save for their economic role, were subject primarily to the Party, of which all Germans were made members. Extensions of Party agencies such as the DAF, the BDM, the HJ, the RAD, and the SS organized and controlled these Germans. Thus their registration was carried through by order of the Higher SS and Police Leader and was made at the offices of the district Protective Police Command. On 7 January 1943, the Reich Minister for the Occupied Eastern Territories decreed that all Reich German males between sixteen and sixty-five and women between seventeen and forty-five must register for total war mobilization. This decree, which simply applied to the Reich Germans in the occupied East the total mobilization enacted in the Reich at approximately the same time, placed the responsibility for registration in the hands of the NSDAP offices in the occupied East. Thus the Reich Germans in the occupied East were subject to Reich law and were treated by Reich standards, but were dependent upon Party agencies for the execution of that law and for general administration. Only in their economic position were they uniformly under the Commissarial administration, although the Commissioners used their administrative offices for the execution of their Party functions towards the Germans. What the previous existence of a complex administrative machinery made impossible in the Reich was consummated in the occupied East -- German citizens were placed entirely under Party control.

(2) The Volksdeutsche

Controls over the Volksdeutsche in the occupied East were designed to create a German security outpost in Eastern Europe. Hence the tasks of administration were entrusted by the Party to Himmler as Reich Commissioner for

the Security of the German Nationality, while the more general organizational tasks were assumed by the regular formations and associations of the NSDAP. There were, however, variations in Himmler's administration as between the Baltic countries and the Ukraine, primarily because the German occupation in 1941 found the Volksdeutsche in widely differing conditions in these areas.

The Nazi policy concerning the Volksdeutsche in the Baltic countries was determined by two factors: (a) the fact that, by treaties first with the independent Baltic states in 1939 and later with the Soviet Union in 1940-41, all the Volksdeutsche in the area had been repatriated to Germany, and (b) the German policy of playing the liberator in the Baltic countries, which looked to the creation of puppet states rather than to direct annexation. The first factor meant that no Volksdeutsche were present to be used, while the second checked positive action toward sending them back. Thus in Estonia and Latvia the Germans never reversed the policy begun in 1939, of evacuating the Volksdeutsche from the small countries of Eastern Europe and resettling them in the new German Eastern frontier territories. The Germans evacuated from these two Baltic countries in 1939-41 were never returned save in a few cases as part of the German administration; therefore, except for the settling of the property problems of the repatriated Germans, a real problem of the Volksdeutsche did not exist here. In Lithuania, however, the Nazis undertook an active colonization policy, for Lithuania bordered on the Reich and hence its western areas were included in the sphere of the racial security wall which Himmler as Reich Commissioner for the Security of the German Nationality constructed just beyond the frontiers

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of the old Reich. The repatriated Lithuanian Volksdeutsche were used as the ingredients of this racial mail. Of the 51,000 odd evacuated during 1939-41 by treaty it was reckoned that some 15,000 were native Lithuanians who took advantage of the broad definition of Volksdeutsche to escape Soviet rule; none of these were sent back to Lithuania. The remaining number of genuine Volksdeutsche -- 36,000 -- were reported as having been resettled in Lithuania by 1943. Supreme authority over the resettlement in Lithuania lay with Himmler's office and was exercised by the public corporation subordinate to that office, the German Resettlement Trustee Company (Deutsche Umsiedlungs-Treuhandgesellschaft m.b.H). This company was responsible not only for the financial arrangements of the transfer but also for the reintegration of the settlers in the life of the area. This general administrative function was exercised for the company by a Settlement Staff (Ansiedlungsstab), attached to the General Commissioner at Kaunas and headed by an SS Sturmbannführer. Apart from those Volksdeutsche who were moved back to form colonies in the larger towns, the scheme of the resettlement concentrated on the rural Germans who were placed in small contiguous agricultural communities in Western Lithuania so as to form German enclaves furnished with arms and ammunition and acting as German outposts. The establishment of these German communities necessitated the confiscation of agricultural property. The official policy was announced in September 1942 as follows: "The former German estates will be returned to their legal proprietors...Old Lithuanian property will, of course, be respected, and only non-Lithuanian holders of the former German farmsteads will be resettled." In accordance with this principle, Jewish property previously confiscated by decree was placed at the disposal of the

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returning Germans, while more and more Poles were dispossessed for this reason. In addition, German action went beyond the stated principles and actually moved Lithuanian peasants from their land to make room for the Germans in the western parts. These removals were based either on the ground that the Lithuanian in question was a Communist sympathizer or of Polish origin, or on the ground of compensation. In the latter case the Lithuanian was promised other property in a different section of the country, notably land formerly owned by Volksdeutsche but not within the German colonization scheme.

While the resettlers do not appear to have been granted formal Reich citizenship as a general rule, still they were treated as German citizens. Thus in August 1943 the labor mobilization authorities ordered that to remove any possible doubts the resettlers were to be treated in principle as Reich Germans and were therefore to receive the Reich German work book. Moreover, the classes liable within the Reich to military service — 1898 to 1927 — were required in Lithuania to register with the police and the Waffen-SS, presumably for military service in accordance with the general draft regulations for repatriated Germans. While the Settlement Staff retained a general control over the resettlers, ordering compliance with the regulations of various German public offices under penalty of losing their property, every repatriate was a member of the Nazi Party and subject to compulsory enrollment in its formations. Thus the work of checking occupations for the purpose of total mobilization, carried out among the repatriates in January 1944, was entrusted to special commissions appointed by the Settlement Staff rather than to any general administrative body. As in the case of Reich Germans, all resettlers had to register not only at Party offices but also at the offices of the Higher SS and Police Leader.

The German policy of colonization in Lithuania was the primary factor in the rise of Lithuanian resistance to a point at which it nullified the German liberation propaganda. For not only was it an important element in causing the Lithuanians to see through and to reject this line, as embodied in such institutions as the native Waffen-SS legion; it also prevented the Germans from making such wholesale promises of independence as they did in the case of Estonia and Latvia, where they had no such minority to safeguard.

The Ukraine, where some three hundred thousand Volksdeutsche resided, was the only area in Eastern Europe, outside of the annexed Polish provinces, in which Nazis never attempted to withdraw the Racial Germans for the purpose of repatriation (until the evacuation which began with the retreat of the German armies in the Ukraine in the latter part of 1943). There could be no question of such a transfer before the outbreak of the German-Russian war since the Soviet Union would never have acceded to this request. There could be no question of such a transfer after the German occupation because the Volksdeutsche were to constitute part of the German nucleus in the permanent German colony of the Ukraine. Thus, whereas some five thousand Volksdeutsche were repatriated from the Leningrad area, the Germans in the Ukraine were organized into colonial settlements and subjected to strenuous efforts toward their complete Nazification.

Primary responsibility for the administration of the Volksdeutsche in the Ukraine toward this end was entrusted to Himmler as Reich Commissioner for the Security of the German Nationality. He acted through a branch office of the Racial German Central Office (Volksdeutsche Mittelstelle) located in the Ukraine. This office was part of the SS Main Office (SS Hauptamt) and was attached to Himmler as Reich Commissioner.

Himmler's office took over the tasks of reorganization of the administration and general jurisdiction over the reorganized administration, while the actual tasks of Nazification were executed by Party formations under Himmler's general directives.

The geographical reorganization took the form of collecting the scattered settlements in which the Nazis found the Volksdeutsche (concentrated generally in the Black Sea area of the Ukraine) into sizeable settlements segregated from the native population. These colonies were called Volksdeutsche Settlement Regions (Volksdeutsche Siedlungsgebiete), and each was under the leadership of a Regional Chief (Gebietshauptmann) an SS man presumably appointed by Himmler. Each region was divided, for administration, into four Main Points (Hauptstützpunkte), all of which contained eight villages. This was, in Nazi terminology, "the reorganization of the villages to become conscious centers of power." In line with this colonial idea each Region organized a Volksdeutsche Self-Defence Force to carry out the security function of the German settlements.

The Nazification of the Volksdeutsche was conceived as a process of organizing them in Nazi formations and educating them in National Socialist conceptions, with the aim of making them German citizens active for the Reich in the Ukraine. Three aspects of this process may be distinguished:

(1) Raising the standard of living to the "German standard." In order to distinguish between Volksdeutsche and natives and to attract the collaboration of the former, the Nazi authorities extended their landholdings. Within the office of the Reich Commissioner Ukraine, the economic position of the Volksdeutsche was the concern of an SS-Oberfuhrer, who from the beginning proclaimed the aim of increasing the landholdings of the Volksdeutsche from the previously accepted

norm of 10-12 hectares to 40-60. This principle was legally secured by the Reich Commissarial decree of 15 September 1942 on the Restitution of Former Properties to the Volksdeutsche in the Ukraine. This decree transferred to the Volksdeutsche agricultural and other real estate, houses, business establishments and other means of existence, on the basis of their possessions as of 1 January 1941.

(2) The work of Nazi education. Education of the Volksdeutsche was carried out through mobilization into Nazi institutions and through the establishment of a reliable school system for Volksdeutsche. The HJ, NSM, NSV, and NSF, the Volksdeutsche in the German police system, and a special Volksdeutsche Labor Service were all active in the Ukraine as foci of Nazi indoctrination. The Nazi emphasis on a special school system was given legal foundation in a decree, issued in November 1942 by the Reich Minister for the Occupied Eastern Territories, establishing general compulsory education for children of Volksdeutsche. This was to be carried out through a separate Volksdeutsch school system under German teachers and attendence was compulsory for eight years. In addition to this, special vocational schools for Volksdeutsche were created in urban centers (e.g., Kiev), and graduates of the elementary Volksdeutsch schools were obliged to attend these for a maximum of three years. The provision of teachers for this school system constituted a problem for the Nazis, for 50 percent of the German teachers whom they found in the Ukraine they discharged. As a result, their Volksdeutsch educational system was capped by the creation during 1942 of a Teachers' Training Institute at Kiev, for the training of teachers for the Volksdeutsch schools. The Institute gave a five-year course with emphasis on German language and history and on biology, and with Ukrainian taught as a foreign language.

Students were selected by the Director of the Institute in consultation with HJ and BDM leaders. The HJ also organized its own Führerschulen for Volksdeutsch boys in the Ukraine.

(3) The award of citizenship. For those who responded to the Nazi educational process, the benefits of the German racial community were increasingly held out as bait. During 1942 the Reich Commissioner Ukraine, by directive of Himmler as Reich Commissioner for the Security of the German Nationality, introduced the German Volksliste (Racial Register) into the Ukraine in order to begin the process of integrating the Volksdeutsche into the German Volksgemeinschaft. Through acceptance into the Volksliste, persons were officially recognized as Volksdeutsche and came under German law. This process was completed by a decree of 21 June 1943, issued jointly by the Reich Minister for the Occupied Eastern Territories and the Reich Minister of the Interior. It awarded full German citizenship to Volksdeutsche resident in the Ukraine and classified in section 1 or 2 of the Volksliste, and probationary German citizenship (auf Widerruf) to Volksdeutsche classified in section 3. The significance of this decree was that it established the permanent colonial character of the Ukraine, in which the former Volksdeutsche were to take part in German domination. It is noteworthy that only in annexed or incorporated territories (e.g., Alsace and Lower Styria) did the Nazis enact such general citizenship decrees for the Volksdeutsche.